

Form ADV Part 2A Brochure

Prepared Pursuant to SEC Rule 204 of the Investment Advisers Act of 1940

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This brochure provides information about the qualifications and business practices of Capital Dynamics, Inc. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at (212) 798-3400 or hahmad@capdyn.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Capital Dynamics, Inc. also is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov. Registration does not imply a certain level of skill or training.

Plain English

For the sake of clarity, this document has been prepared using a minimum of technical legal language and portfolio management jargon.

Item 2

Material Changes Made to this Brochure

None.

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Item 4

Advisory business

Capital Dynamics, Inc. (“CDI”) provides investment advice and/or investment management services to institutional investors, generally, and more specifically, it provides those services to private investment funds (such as private equity funds and private equity funds of funds). The principal owner of CDI is Capital Dynamics Holding AG, based in Zug, Switzerland. CDI is a Registered Investment Adviser with other investment advisory affiliates, including Capital Dynamics AG, a Registered Investment Adviser and Capital Dynamics Limited, an Exempt Reporting Adviser.

None of CDI's clients (as of the date of this brochure) is an individual. With respect to the services CDI provides, they are mostly related to investment advice in respect of direct and indirect private equity investments globally across several industry sectors (e.g., energy and infrastructure). CDI also provides advice concerning private equity as an investment class to insurance companies and pension funds, including public pension funds.

CDI provides discretionary investment management and, under certain conditions, non-discretionary investment management services. There is no set, pre-established minimum amount of assets for the provision of its services. Some of our advisory clients, however, may impose restrictions on investing in certain securities or types of securities because of, among other things, their internal policies.

All of the investment personnel at CDI have appropriate degrees in finance, portfolio management or related disciplines. A number of our investment professionals have MBAs from well-known business schools and/or have hold the designation “Chartered Financial Analyst” (or “CFA”). CDI expects to require similar qualifications of anyone who joins the investment management or credit analysis team. Presently, CDI manages \$2,533,724,888, of which \$2,263,401,112 is on a discretionary basis. CDI, as a firm, has been in business since 2002 and registered with the SEC on June 19, 2008.

For more information about the Capital Dynamics Group, please visit www.capdyn.com and click “Our Business.”

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Fees & other compensation

Fees are charged in various ways, depending upon the engagement. Currently, CDI charges fees that are (i) a percentage of total commitments, unfunded commitments, Net Asset Value (NAV) or a combination thereof, in the client portfolio, (ii) a percentage of the positive return in a client portfolio based on commitment, over an agreed upon period of time and pursuant to agreed upon terms and conditions (such as a high water mark or hurdle, though neither necessarily, nor necessarily limited to, these), (iii) pursuant to a formula that may include a combination of flat fees and billed time, or (iv) any combination of these (see the representative chart

below). Fees may be negotiated, but CDI may have substantial control over fees charged if the advisory client is a private equity fund or fund-of-funds sponsored by CDI or its affiliate.

CDI also reserves the right to charge clients for certain expenses incurred on behalf of clients which were not contemplated in the relevant investment management or advisory agreements, where permissible. Neither CDI nor any of its supervised persons receives transaction-based fees or compensation (such as sales commissions).

Advisory clients may be charged fees for brokerage services, custodian fees and other routine transaction costs. Please refer to Item 12 for a discussion of CDI's brokerage practices.

CDI does not deduct fees from clients' assets, but rather, fees are generally calculated and billed to the client, via its custodian bank or general partner, on a quarterly or annual basis. Clients will pay other fees connected with investment management services, such as custodian fees or auditor fees (if applicable), directly to the relevant service provider, not to CDI. However, CDI may pay such fees and then seek reimbursement from a client. In the private equity fund context, governing documents will indicate the various types of fees to be paid, and those documents should be consulted (especially the offering document).

Certain types of fees may be prepaid by advisory clients, and, upon the termination of an advisory contract, a client may seek reimbursement of any prepaid fee by following the procedures set forth in their respective advisory agreements.

Type of fee ¹	General range
Asset-Based	1% to 3%
Contingent Performance/Carried Interest	5% to 20% of gain
Sub-Advisory	As negotiated
Fixed/Hourly	Varies, depending on nature of engagement
Transaction-Based	None
Flat and Billed Time	As negotiated
Mixed Fee Arrangement	As negotiated
Level of Commitment Fees	As negotiated

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Performance-based fees and side-by-side management

Performance-based fees, if any, will vary depending upon the engagement. The typical range of performance-based fees is expected to be 5% to 20%. Not all clients will be charged a perfor-

¹ CDI has a wide variety of fee arrangements. Certain past or present institutional engagements carried flat fees. Certain other arrangements may carry mixed fees, such as a combination asset based fee and performance fee, among other types of arrangements. In certain private equity funds, the fees paid to CDI depend upon the level of commitment to those funds, and in some cases the fees paid will be lower than indicated in the above chart. Depending upon terminating engagements, not all fee arrangements may be extant at any given time. The above chart is intended to show the range of fee possibilities.

mance-based fee (e.g., clients that engage CDI for analytical or due diligence work, among others, will not be charged such a fee). Performance-based fees can create certain conflicts of interest for CDI or any other adviser, such as, for example, in making decisions to allocate investment opportunities across client accounts. Since an adviser might seek to meet the performance hurdles before it can receive a performance fee from a client that has contracted to pay a performance fee, it may be tempted to allocate assets across client accounts such that the probability of meeting the hurdle will be maximized. This could be at the expense of the client accounts that do not pay performance fees (e.g., clients that engage CDI for due diligence services). CDI mitigates this potential conflict by, if and where applicable, requiring allocation, in most cases, at the time that a trade/investment is effected (although not all trades/investments are in fact allocated across client accounts because, among other reasons, the trade/investment may be specific to only a particular client's strategy or sector focus), and by means of internal deliberation, using committees or otherwise, among investment professionals aimed at mitigating such conflicts of interest. In summary, the above and other inducements to favor one client over another are known, and, as a fiduciary, CDI takes all prudent precautions against such favoritism. See "Conflicts of Interest," below.

Item 7

Types of clients

As stated above, CDI provides investment advice and/or investment management services to private investment funds (such as private equity funds or funds-of-funds) and large institutional investors. None of its current clients is, at present, an individual. With respect to the services it provides, they are mostly related to private equity.

To open an account, a prospective client must enter into an advisory relationship with CDI or purchase interests in a private investment fund advised and/or managed by CDI. There is no set, pre-established minimum account size.

Item 8

Methods of analysis, investment strategies and risk of loss

The firm uses qualitative, quantitative and fundamental analyses in selecting investments, including when appropriate, credit analyses. Because CDI focuses on private equity generally, specific types of industry and sector analysis, as applicable, will also be employed, including political and regulatory analysis relevant to the securities CDI may recommend to its clients. Portfolio positions are constantly assessed for risk of non-performance or under-performance, and may be replaced or hedged if risk concerns are too great. Fund investors should read the offering documents and other fund governing documents for a complete discussion of risks associated with investments in the respective funds.

Governing documents may require limitations on risk exposure, and may require investments that are below, meet or exceed certain risk standards or parameters. CDI seeks to mitigate portfolio losses. Portfolio management professionals analyze issuer (company) financials, plans,

public filings (if any) related to the company and its industry competitors, capital position and many other variables, and uses widely accepted professional techniques to analyze risk.

Risk Factors

An investment in any CDI fund involves a significant amount of risk and should only be undertaken by investors capable of evaluating and bearing such risk. There can be no assurance that a fund's investment objectives will be achieved or that there will be any return of capital. Investors should also be aware that some funds may terminate early, enter into bankruptcy or otherwise enter into a condition in which continued operations may be in jeopardy. Clients and prospective clients should before investing, including those described below, and refer to relevant offering materials for a more detailed review of relevant risk factors.

Investments in Securities

Clients may invest in debt or equity securities of companies which may be undergoing restructuring or require additional capital and active management. These securities are subject to various inherent risks, including that (i) equity and debt securities fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations can be pronounced, (ii) such investments generally may be subject to risks with respect to the issuer, (iii) the market for these securities may be less liquid than that for other higher rated or more widely followed securities, (iv) securities of some foreign issuers are less liquid and more volatile than securities of comparable US issuers, and (v) securities markets in some countries are fragmented, small and less liquid than the securities markets of the US and certain other developed countries. There can be no assurance that such investments will not be sold at prices significantly below their acquisition costs.

Dependence on Portfolio Companies

CDI's clients Investments in portfolio companies and unquoted companies can be difficult or impossible to realize. Portfolio companies may also require a significant period to invest new capita, and many investments will be highly illiquid and there can be no assurance that investing fund will be able to realize returns from such investments in a timely manner.

Any investing fund will also be reliant on the expertise and skill of the managers of the portfolio companies, and generally, will not have the ability to participate in the management and control of those companies.

Difficulty of Locating Suitable Investments

The success of a fund depends on CDI's ability to select, effect and realize appropriate investments. There is no guarantee that suitable investments will be or can be secured, of that they will be successful, nor is there a guarantee that the relevant investment strategy will be achieved.

Item 9

Disciplinary information

CDI and its employees, officers and directors do not have any legal, financial or other disciplinary information to disclose at this time.

Item 10

Other financial industry activities and affiliations

CDI's only business is rendering investment advisory and investment management services. It maintains material business relationships with its affiliates in other countries, some of which are also engaged in the investment management business. CDI is affiliated with a US registered broker-dealer, Capital Dynamics Broker Dealer LLC ("CDBD"). Certain of CDI's investment professionals are or expect to be registered or licensed with CDBD. No client portfolio transactions are effected or executed by or through CDBD. Hina Ahmad, CDBD's Chief Compliance Officer, and Martin Hahn, CDBD's Chief Executive Officer, along with others from time to time, supervise and review the registrations of these investment professionals. CDI has investment advisory affiliates, namely CDAG and CDL. These advisers benefit from their respective expertise, including through mutual assistance on various projects or processes from time to time, however, each of CDI, CDAG and CDL are operationally independent. All of CDI's investment decisions on behalf of CDI clients are taken by CDI and not by any of its affiliates, but any potential conflict of interest among the entities, in the event one should arise, would be resolved in a manner consistent with CDI's compliance policies and procedures, which are available to any client or prospective client upon written request.

Visit www.capdyn.com for a list of affiliates and offices around the world.

Item 11

Code of ethics, participation or interest in client transactions and personal trading

CDI has a code of ethics which can be made available to any client or prospective client upon written request. The general purpose of its code of ethics is to foster high principles of commercial honor and just and equitable principles of trade. The code of ethics covers investment related matters as well as non-investment related matters, and establishes procedures for handling ethics related concerns or matters. It also contains provisions for the handling of personal trading by the firm's officers and employees. From time to time, CDI engages placement agents or other person, including affiliates, to provide it with client referrals for a fee. It may do so in the future at any time and without further notice other than that required by applicable regulation. CDI is not a part of any directed brokerage arrangements. CDI may, acting as principal, participate in a client transaction, *i.e.*, buy or sell securities to clients (See ADV, Part 1), but it has not done so to date and there are no plans to do so presently. CDI (or an affiliate) may hold an interest in a fund or hold the securities of a company in which a client also has an interest or holds securities, respectively. For any transactions that may raise a conflict of interest between CDI

on the one hand, and a CDI client on the other, CDI and relevant personnel will follow procedures outlined in CDI's Code of Ethics to identify, evaluate and mitigate the risks posed by the conflict of interest. These efforts will be a comparative analysis of the benefits and costs to each counterparty to the transaction, the quality of the terms of the transaction, and the propriety of any fees or expenses associated with the transaction.

Conflicts of interest

CDI may effect principal trades with clients in accordance with the constraints imposed on it under documents that govern client accounts (such as offering memoranda, management agreements, indentures or other documents) and pursuant to the requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Such trades (if any) will be rare. See above.

At times CDI, its affiliates, or employees (hereinafter with respect to this Item, "Affiliated Persons") may purchase or sell for their own accounts the same issue or class of securities that are being purchased or sold for client accounts. Affiliated Persons may employ investment strategies for client accounts that differ from the investment strategies they employ for their own accounts. In connection therewith, Affiliated Persons may at times buy the same issue or class of security that is being sold from client accounts, or sell the same issue or class of security that is being purchased for client accounts. Such disparities in direction will likely, inter alia, reflect a difference between the Affiliated Persons' investment objectives, policies, risk tolerances, and investment limitations and those of clients. Nevertheless, these activities may create a conflict of interest in respect of client accounts. CDI intends to mitigate such conflicts of interest by following policies and procedures (such as its code of ethics and compliance policies and procedures) created to determine whether such proprietary purchases and sales by Affiliated Persons do or may violate CDI's fiduciary obligations to clients, or in any material manner undermine the clients' interests. CDI has adopted a code of ethics which requires a high degree of internal transparency with respect to proprietary and personal transactions so that potential conflicts of interest may be addressed. The code of ethics and other policy documentation require employees of CDI to report to the Chief Compliance Officer (or his or her designee) securities and commodities transactions in which they have a beneficial interest. The code of ethics also precludes certain types of transaction without prior approval.

CDI or its Affiliated Persons may at times purchase securities where such securities will be partially allocated to both client accounts and to their own accounts. Where there are such trades, CDI will generally determine in advance the portion that will be allocated to its own or an affiliate's account and that portion that will be allocated among client accounts. As indicated above, a similar advance determination will be made when the allocation only concerns client accounts. This advance determination will usually be recorded in an appropriate memorandum or similar record (which may be in electronic form). Sometimes it may not be possible to allocate in accordance with such advance determination because of bona fide client or portfolio considerations. CDI will record the reason for amending such advance allocation determination in an internal memorandum. Further, at certain times CDI will only allocate after a substantial amount of time has elapsed. Allocations will be made in accordance with bona fide client portfolio considerations, including any investment restrictions or limitations. It is CDI's policy that all allocations will be made in a fair and equitable manner over time.

CDI or an Affiliated Person may hold securities for longer or shorter periods of time than in client accounts over which CDI exercises discretion. Generally, this will have to do with the differing objectives between CDI's various client accounts and its or an affiliate's accounts. At times, CDI may purchase for its own account, or the account of Affiliated Persons, securities that it is not also purchasing for client accounts (this is also the case with sales of securities). Generally, this has to do with the differing investment objectives, policies and investment restrictions imposed (explicitly or by agreement, or both) by the various accounts. Further, CDI may employ investment strategies for client accounts that differ from the investment strategies it employs for its own or Affiliated Persons' accounts (and the same is true of such Affiliated Persons. Again, this is due, generally, to differing investment objectives, policies, restrictions and strategies.

Item 12

Brokerage practices

CDI has discretion to select broker-dealers to effect client account transactions, although doing so would be rare in the area of private equity. To the extent necessary, however, CDI follows certain protocol. In selecting broker-dealers, CDI will take into consideration the broker-dealers' general ability to execute transactions in a timely manner; their experience with the asset class or types of securities relevant to the transaction; the reasonableness of fees and commissions; and the availability of quality analytical materials, including research. Within the bounds of CDI's duty to provide "best execution" for its client accounts, CDI may cause the accounts to pay higher fees or commissions than might be available through other broker-dealers. CDI may have an incentive to select or recommend a particular broker-dealer, but CDI will always take into account a combination of qualitative and quantitative factors in determining which broker-dealers to use for client account transactions, including commission cost, the availability of research, responsiveness of the broker-dealer, willingness to assume principal risk, and other qualitative factors as discussed above. Research obtained by directing certain transactions to certain broker-dealers will be used for all clients and all clients will therefore benefit from such research, all else being equal. Presently, CDI has not entered into any soft dollar or directed brokerage arrangements with any broker-dealer, but may enter into such arrangements in the future. Generally, such arrangements will be consistent with the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended, unless arrangements outside of Section 28(e) are required and consistent with the policies and objectives of certain hedge funds or other institutional clients advised/managed by CDI, consistent with CDI's fiduciary duties under the various securities laws.

CDI does not consider whether it or any of its related persons receive client referrals from a broker-dealer or third party in order to select a broker-dealer. Certain prime brokers to certain funds (or other pooled investment vehicles) expected to be sponsored by CDI (or by an affiliate) may, however, pay or provide reimbursement for certain investment management related expenses incurred (e.g., investment research, investment data service providers, on-line quotation services, and news and research services). This practice will or may benefit CDI since the clients will not need to pay for such products and services out of their own resources and since CDI will not need to provide for those services out of its own resources. This practice may be a factor in such clients' selection of prime brokers.

CDI's brokerage practices on behalf of its clients may be modified based upon the governing documents of certain clients.

Item 13

Reviews of accounts

Client portfolios are reviewed regularly by investment managers, who monitor financial, operational and risk factors that are or may be relevant to the respective client portfolios. CDI's Investment Committee meets from time to time to discuss client portfolios, strategies, allocation of investments, suitability within the strategies and limitations agreed and other relevant matters. The Investment Committee also meets in the event of unusual or extraordinary macroeconomic, market, or political news that may reasonably be expected to affect client portfolios.

Generally, CDI provides written reports to clients quarterly or bi-annually, and, in some cases, monthly if required by governing documents. These reports may communicate strategic and portfolio analysis and information, and may include retrospective commentary concerning the previous month with discussion of those factors believed to have been relevant to a client's account performance or prospective performance. CDI may provide more or less frequent reports to certain clients as and if mutually agreed or requested (including upon the occurrence of unusual or extraordinary events), or pursuant to the requirements of an extant management agreement calling for more or less frequent reports.

Item 14

Client referrals and other compensation

CDI has engaged a placement agent to provide it with client referrals. The referral arrangement is consistent with CDI's compliance policies and procedures, including its Code of Ethics.

Item 15

Custody

CDI does not maintain direct, physical custody of client assets. Custody of client assets is the responsibility of a qualified custodian bank or broker-dealer. However, CDI, in its role as general partner or managing member for certain sponsored, client funds (or as the owner of such general partner or managing member), may be deemed to have custody by virtue of the authority of such status. Neither CDI nor any of its affiliates have physical custody of any client cash or securities. Qualified custodian banks or broker-dealers have custody of CDI clients' cash and securities. In cases in which CDI comes into possession of any client cash or securities it will promptly return them to the client or handle them as required by applicable regulation.

Qualified custodians will send account statements directly to clients, and clients should review those statements carefully.

Item 16

Investment discretion

In most cases, CDI will have full investment discretion over client accounts pursuant to a written power of attorney, granted separately or under an investment management agreement, and on that basis, CDI may make investment decisions on the clients' behalf without prior consultation with them. This authority would include, among other things, the ability to select brokers for the execution of portfolio trades. In some cases, however, CDI will not have investment discretion (e.g., in connection with restricted investments identified by a client or other non-discretionary mandates).

Item 17

Voting client securities

As the firm focuses on private equity, the voting of proxies is not always an operational concern. In the event that CDI does have, or accepts, authority to vote client proxies, its activity would be in accordance with the protocol established in CDI's compliance policies and procedures. As part of CDI's management obligations, it is required to vote proxies on equity securities held in client portfolios (unless the client assumes that responsibility). In accordance with applicable law, including Rule 206(4)-6 of the Advisers Act, CDI has prepared procedures to govern how such proxies are voted. The procedures require that a reasonable decision be made regarding a vote on any matters recommended by issuer management or concerning any issuer shareholder proposals. The procedures require that if CDI determines not to vote, it must have a reasonable basis for withholding our vote. The policies and procedures address the handling of conflicts of interest that may arise in the voting of proxies. CDI's vote on any matter regarding any issuer's equity securities will be recorded and kept on file in our office. Clients may request to see how CDI voted any proxy, and obtain an explanation as to why we voted as we did. Requests for an explanation of votes, or for a copy of CDI's proxy voting policies and procedures, should be sent to the address listed on the cover page.

Since CDI does not typically have proxy voting authority, clients can expect to receive their proxies or other solicitations from the custodian or transfer agent, which can be voted directly by the client.

Item 18

Financial information/condition

CDI is solvent and is not in a "precarious financial condition" (as that phrased is defined or used by the Commission). The firm does not receive fees six months or more in advance of services, and would therefore not be liable for the reimbursement of such fees upon termination of an investment advisory or management agreement that called for such advance pre-payment of fees.

Concerning communications with clients; Additional Information

CDI seeks to communicate with clients in the most efficient manner possible. To that end, CDI intends to use e-mail to communicate with clients in lieu of paper mail, unless otherwise requested. Clients should expect all communications to be effected electronically once they have provided preferred e-mail addresses and appropriate consents to an authorized CDI representative. Clients may be asked to provide consent to the receipt of regulatory disclosures or other documents, statements and other information in electronic form, and are urged to provide such consents, as this will accelerate the receipt of important information.