



Part 2A of Form ADV

Firm Brochure

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DGS CAPITAL MANAGEMENT PRIVATE LIMITED

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This brochure provides information about the qualifications and business practices of DGS Capital Private Limited. If you have any questions about the contents of this brochure, please contact us at +91 997-190-7474 and/or www.dgscapital.in. 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 DGS Capital Management Private Limited is also available on the SEC's website at www.adviserinfo.sec.gov. Registration with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training and no inference to the contrary should be made.



ITEM 1: COVER PAGE

Please refer to previous page

ITEM 2: MATERIAL CHANGES

This is the first brochure filing by DGS Capital Management Private Limited (also referred to as the firm, we, us, DGS, DGS Capital, and DGS Capital Management throughout this Disclosure Brochure). As such, there is no previous version to compare material changes against.

Future Changes: From time to time, we may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually.

You may also request a copy of the Disclosure Brochure at any time, by contacting us at www.dgscapital.in.

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ITEM 4: ADVISORY BUSINESS

DGS Capital Management was founded in 2015 and is a subsidiary of DGS Holdings Private Limited. DGS Holdings is majority owned by Lalit Garg. Ownership interests are outlined in Form ADV Part 1.

DGS Capital Management is headquartered in Delhi NCR, India and manages investment portfolios for high net worth individuals, institutions and intermediaries such as wealth managers, consultants, and family offices (hereinafter referred to as Clients). The firm specializes in the Indian market and provides investment strategies spanning a large number of asset classes.

DGS specializes in quantitative investment strategies, which rely on the analysis of large sets of data using proprietary models and tools. These strategies utilize investment styles such as momentum, valuation, and quality to generate an opinion on the expected performance of securities and applies these views using a disciplined and systematic approach across various asset classes and size segments.

DGS provides discretionary portfolio management services with a focus on the Indian markets across two key segments – Equities and Alternatives. The Equity strategies offered by DGS aim to provide higher returns than benchmark indices. The Alternative strategies focus on absolute and total returns irrespective of market conditions. DGS offers its advice based on specific investment objectives and strategies. Under certain circumstances, DGS may agree to customize its advisory services based on the special circumstances of the end Client. For example, individuals who are restricted from owning certain securities/companies may ask DGS to incorporate those restrictions in the investment advice provided.

DGS may provide investment advice to a limited set of Clients where the accounts are not held at DGS. In this instance, DGS will not be responsible for continuous oversight or timely execution.

DGS may choose not to enter into an investment adviser relationship with a prospective Client whose investment objectives might be incompatible with our investment philosophy and/or our strategies or where the prospective Client imposes restrictions deemed too severe for the successful implementation of our strategies.

As of 07/30/2015, DGS has no client assets under management.

ITEM 5: FEES AND COMPENSATION

As adviser to its Clients, DGS is compensated by various combinations of fixed asset-based fees and performance-based fees. DGS may bill its Clients in advance or in arrears, in accordance with the terms of the agreement.

For its portfolio management services, DGS generally charges a fixed fee ranging from 0%-3% of assets under management (including, but not limited to, cash balances and cash in money market funds, closed-end funds, and ETFs). The fixed fees is typically payable on a monthly or quarterly basis in advance. The fee schedule may also include performance fee up to 30% of net profits. The performance fees is charged on returns in excess of the return of a benchmark index or a fixed rate of return, as specified in the Client agreement. The performance fee may be subject to a high watermark. Additionally, Clients may be subjected to an initial “lock-up” period with respect to withdrawals and redemptions from the account and may incur withdrawal or redemption fees in accordance with the Client agreement. The fees are typically deducted directly from the Client accounts.

In addition to our advisory fees, Clients are also responsible for the fees and expenses charged by custodians, bankers, fund accountants and broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the Client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. Advisory fees charged by our firm are subject to local and national taxes assessed in India. Taxes are calculated and listed on our billing invoice which is provided to you at the time fees are deducted from your account.

All fees paid to DGS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge. A Client could invest in a mutual fund directly, without our services. In that case, the Client would not receive the services provided by our firm which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

Advisory fees are negotiable for some Clients or investors in certain circumstances and DGS may enter into individual agreements with such Clients.

Either party, for any reason, may cancel a Client agreement at any time. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in Item 5 of this brochure, DGS may charge performance-based fee from its Clients. This performance fee is charged on net profits of the account above a pre-specified benchmark index or a fixed rate or return and may be subject to high water marks. The performance based fee may be up to 30% and DGS has the right to negotiate the performance fee for different Clients. For certain Clients or certain strategies, performance-based fee may be completely waived in which case DGS may only be compensated with a fixed fees.

Performance fees may give rise to certain conflicts of interest. Compensation through performance fee may create an incentive for DGS to take extra risk which may not have been taken if the account was not being charged performance fee. Additionally, there may be an incentive for DGS to favour accounts that have performance fee compared to those that pay a fixed fee. Such favourable treatment may be related to areas such as trading opportunities, allocation of group trades, or the allocation of new investment opportunities. DGS has instituted objective processes for trade execution and trade allocation that reduce these potential conflicts of interest by treating all accounts under the same strategy in the same manner. No note of the fee schedule of the underlying accounts is taken into consideration during trading.

Performance-based fees will only be charged in accordance with the provisions of rule 205-3 of the Investment Adviser's Act of 1940 and/or applicable state regulations. The fees will not be offered to any Client residing in a state in which such fees are prohibited.

ITEM 7: TYPES OF CLIENTS

Types of Clients

- Individuals and High net worth individuals
- Family and Multi-Family Offices
- Corporations
- Charitable organizations including Family Trusts, Endowments, and Foundations
- Partnership/Limited Liability Partnership Firms

Conditions for Managing Accounts

DGS has certain minimum account requirements that need to be met for the purposes of opening an account. These general minimum account requirements range from \$1M-\$5M per strategy. These minimum account requirements may be waived in certain circumstances provided that regulatory mandated minimums are being met. The Client must agree to custody assets at a qualified custodian recommended by DGS and provide the custodian with a Limited Power of Attorney to accept investment instructions given by DGS on behalf of the Client.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Method of Analysis

DGS provides discretionary asset management using quantitative investment strategies.

Quantitative investment analysis involves studying large amounts of data using models to determine the relative attractiveness of securities. DGS uses both traditional fundamental metrics such as valuation and quality as well technical indicators such as momentum. The determination and calculation of these various factors, the portfolio construction process, the optimization methodology, and the trading procedures used form the foundation of DGS's investment process.

DGS does not use traditional sell-side research reports or third-party security recommendations in the construction of its portfolios. DGS leans on academic research that is augmented with in-depth internal research to test various concepts and feasibility. The internal research is conducted using fundamental and market data provided by firms such as Bloomberg and MSCI. The strategies are implemented using a rules-based and systematic process that is objective and repeatable.

Investment Strategies

All strategies offered by DGS are based on a consistent investment philosophy. The strategies are driven by research, have an underlying economic basis, and are implementable using a rules-based process. DGS offers its discretionary services under two broad categories – Equities and Alternatives.

A. Equity Strategies

- Core Equity: DGS's Core Equity strategy is the broadest, most-diversified strategy offered by DGS with access to securities that constitute approximately 95% of the available market capitalisation. The strategy seeks to

outperform the benchmark index using multiple investment styles simultaneously – namely momentum, valuation, and quality - that have low correlations with one another.

- **Core Sector:** The Core Sector strategies are implemented using the same methodology as the Core Equity strategies. However, the portfolios are sorted by sector allowing Clients to create more targeted portfolios that suit their custom needs. The sectors available to investors include, but are not limited to, HealthCare, Infrastructure, Consumer Durables, Power, Technology, and Financials.
- **Momentum:** DGS's Momentum strategy overweighs securities that have recently outperformed and underweights securities that have underperformed. This strategy is linked to the concepts of behavioural finance - such as loss aversion and profit taking - and has shown to capture excess returns in multiple markets over extended periods of time.
- **Quality:** The Quality strategy seeks to capture a majority of long-term, broad-market returns while exhibiting reduced risk compared to the benchmark index. The goal is to provide more attractive risk-adjusted return while ensuring a 'smoother ride' during times of higher market volatility. This is achieved by investing in high quality securities that are expected to experience lower levels of risk relative to the broad market.
- **Value:** The Value strategy invests in securities that have attractive valuations relative to the broad market. Valuations are determined using a variety of metrics that help evaluating the potential for attractive returns. Investing in attractively priced securities and avoiding purchasing securities trading at a premium has shown to benefit investors with higher returns over the long-term.

B. Alternative Strategies

- **Event-Driven:** Event-Driven aims to capture pricing inefficiencies that are caused due to significant corporate changes such as a bankruptcy, merger, acquisition, or spinoff. This strategy consists of several sub strategies, such as merger arbitrage, distressed debt, and special situations, which tend to have a low correlation among them as well as with the broad market index.
- **Global Macro:** Global Macro seeks to take advantage of dislocations in multiple asset classes such as equities, bonds, currencies, and commodities. Opportunistic trading strategies are implemented using a wide variety of financial instruments such as cash, futures, and derivatives by going long segments that are considered undervalued and shorting assets that are deemed overvalued.
- **Long-Short Equity:** Long-Short Equity focuses on capturing the style premiums that exist in equity markets by investing in cheap, high-quality assets that are appreciating in value and short selling companies that are expensive, less-profitable companies that have been on a recent decline. The strategy aims to capture a positive return while significantly reducing volatility by maintaining a low to zero net market exposure.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

There can be no assurance that a Client's investment objectives will be obtained and no inference to the contrary is being made. Prior to entering into an agreement with DSG, a Client should carefully consider: (1) committing to management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in the stock market can occur, and (3) that over time the Client's assets may fluctuate and at any time be worth more or less than the amount invested.

DGS does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Some additional general investment risks Clients should be aware of include, but are not limited to, the following

Market Risk: The price of a stock, bond, mutual fund or other security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

Equity Risk: Since the strategies invest in equity securities, they are subject to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

Foreign Risk: Since DGS focuses on the Indian markets, the majority of investments will be in the overseas markets (international securities). These pose special risks, including currency fluctuation and political risks, and such investments may be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets such as India.

Currency Risk: Overseas investments, such as Indian securities which are the primary focus of DGS, are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Interest Rate Risk: Interest rate risk is associated with movements in interest rates, which depend on various factors including, but not limited to, government borrowing, inflation, and economic performance. The value of investments may change with a change in interest rates. Fixed income investments are subject to the risk of interest rate fluctuations, which may accordingly increase or decrease the rate of return thereon. When interest rates decline, the value of a portfolio of fixed income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio of fixed income securities can be expected to decline.

Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its fair market value. The primary measure of liquidity risk is the security's bid-ask spread and the available volume that can be traded without making a price impact. The lack of liquidity may force one to spend more than the fair market value when purchasing a security or receive less than the fair market value when selling a security.

Credit Risk: Debt securities are subject to the risk of the issuer's inability to meet the principal and interest payments on the obligations and may also be subject to the price volatility due to factors such as interest sensitivity, market perception, or the credit worthiness of the issuer and general market risk.

Mutual Fund Risk: This risk arises from investing in units of Mutual funds. Risk factors inherent to equities and debt securities are also applicable to investments in mutual fund units. Further, scheme specific risk factors of each such underlying scheme, including performance of their underlying stocks, derivatives instruments, stock lending, off-shore investments etc., will be applicable in the case of investments in mutual fund units. In addition, events like change in fund manager of the scheme, take over, mergers and other changes in status and constitution of mutual funds, foreclosure of schemes or plans, change in government policies could affect performance of the investment in mutual fund units.

ITEM 9: DISCIPLINARY INFORMATION

DGS Capital does not have any legal or disciplinary events and thus has no information to disclose with the respect to this item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

DGS and our associated persons do not have any outside financial industry activities or financial industry affiliations. From time to time DGS may refer Clients or prospects to wealth managers, accountants, tax specialists, attorneys, and other professionals. Furthermore, such professionals may refer their Clients or prospects to DGS. Referrals both to and from DGS are made without any compensation or other commitment unless otherwise disclosed in this document in Item 14: Client Referrals and Other Compensation.

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

Code of Ethics: DGS has adopted the Asset Managers Code of Professional Conduct developed by the CFA Institute. The code was developed by the CFA Institute in consultation with investors and asset managers with the goal of outlining the ethical and professional responsibilities for asset managers investing on behalf of Clients. The code provides practical guidelines in six main areas of conduct designed to apply to all facets of the manager-Client relationship.

1. Loyalty to Clients
2. Investment process and actions
3. Trading
4. Risk management, compliance and support
5. Performance and valuation
6. Disclosures

Participation or Interest in Client Transactions

DGS does not affect any principal or agency cross securities transactions for Client accounts, nor do we affect cross-trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Should we ever decide to affect principal trades or cross-trades in Client accounts, we will comply with the provisions of Rule 206(3) of the Advisers Act.

Personal Trading

DGS permits personal account trading which may include securities being purchased by DGS for its Clients which creates a potential conflict of interest. To mitigate this, the code clearly outlines that DGS and associated persons must give priority to investments made on behalf of the Client over those that benefit the managers own interests. Additionally, the code also states that DGS must deal fairly and objectively with Clients when providing investment information, making investment recommendations, or taking investment action.

While transactions could take place at similar times, it is unlikely. As a part of the firm's investment process, liquidity is a key component before implementing trades for Clients' accounts. Securities which do not have enough liquidity, may be removed from the trade list. This ensures that the impact on prices due to trading by DGS is minimized. This reduces the probability of a conflict of interest with personal trading in relation to front running of trades. Additionally, DGS monitors trading in employee accounts through the quarterly reports that access persons must submit.

In addition to the detailed guidelines of the code, the general principles of the code state that DGS has the following responsibilities to its Clients:

- To act in a professional and ethical manner at all times
- To act for the benefit of Clients
- To act with independence and objectivity
- To act with skill, competence, and diligence
- To communicate with Clients in a timely and accurate manner
- To uphold the rules governing capital markets Clients

ITEM 12: BROKERAGE PRACTICES

Selection Criteria

The selection of the broker-dealer used for executing transactions is dependent on a couple factors that are summarized below

- **Execution Rates:** DGS will select brokers that provide the lowest rates of executions (all else equal). Brokers may have different rates depending on the type of Clients, the total amount traded with the broker, and the types of securities traded.

- **Execution Quality:** DGS will select brokers that provide the best execution (all else equal). While most brokers provide execution services across all asset classes and size segments, certain brokers may have a specialization in certain asset classes or a certain segment of securities. Brokers may also provide a suite of algorithms that improve trading efficiency and minimize trade impact.
- **Ease of Execution:** DGS will select brokers that provide the most seamless trade execution processes (all else equal). Some brokers allow trades to be routed using an Order Management Process (OMS) while certain brokers require spreadsheets to be emailed with instructions provided either online or over the phone. Brokers may allow access to trade execution reports from an online platform or send reports via email in spreadsheet format.

All these factors are taken into consideration to decide which brokerage services to use to execute trades for Client accounts.

Commissions, Soft-Dollar Arrangements, and Directed Brokerage

DGS has tailored its broker selection process to mitigate any potential conflicts of interest. These policies directly align the interests of DGS with those of its clients relating to all brokerage related services.

- DGS does not charge any commissions on trades.
- DGS does not have any soft-dollar arrangements with brokers.
- DGS does not allow clients to choose brokers.
- DGS does not direct brokerage in exchange of client referrals.
- DGS does not direct brokerage in exchange for research or other services or products not related directly to trade execution.

ITEM 13: REVIEW OF ACCOUNTS

DGS reviews accounts at least annually or when markets warrant. Typically, accounts are reviewed on a quarterly basis for the purposes of rebalancing. An account may also be reviewed on a non-periodic basis if there is a change in client circumstances. The reviews include checking various metrics including, but not limited to, the cash balances, the tracking error, and the performance of the account on an absolute and relative basis.

The qualified custodian prepares reports of client accounts that includes a summary of the account, the account holdings, and performance data which are then forwarded by DGS to its clients either as a hard copy or electronically, depending on the Clients' preferences. Typically these reports are sent out quarterly while clients may ask for reports on an as-needed basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

DGS may pay referral fees to independent persons or firms ("Solicitors") for introducing Clients to DGS. If a referral fee is paid or is to be paid, the Solicitor is required to provide the prospective Client with a copy of this document (Firm Brochure) and a separate disclosure statement that includes the following information

- the Solicitor's name and relationship with DGS;
- the fact that the Solicitor is being paid a referral fee or receiving any other related benefits;

- the amount and type of fee; and
- whether the fee charged to the Client by DGS will be increased above the usual fee in order to compensate the Solicitor

Our typical firm practice is not to increase the advisory or performance fee payable by the Client to cover for referral fees.

ITEM 15: CUSTODY

Custody, as it applies to investment advisors, is not limited to having physical possession of client assets. It has been defined by regulators as having access or control over Client funds and/or securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. However, the authorization to trade in client accounts is not deemed by regulators to be custody.

DGS is deemed to have custody of client funds and securities whenever DGS is given the authority to have fees deducted directly from client accounts. This is the only form of custody that DGS maintains.

For accounts in which DGS is deemed to have custody, the following procedures have been established to ensure safety of client assets:

- All client funds and securities are held at a qualified custodian in a separate account for each client under that client's name.
- Clients open the accounts directly with the custodian and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Clients are provided access to the custodian's online platform where they can log in to view their account balances and holdings on a regular basis. Clients should carefully review the statements that they receive from DGS with statements received by the custodian and/or with the data available to them online on the custodian's portal.
- Clients are welcome to discuss or clarify any and all parts of their statements with DGS during normal business hours.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority

Clients provide DGS discretionary authority to manage their accounts by signing the Client agreements and executing the Power of Attorney (POA) allowing the custodian to receive investment instructions from DGS. The Client agreement and POA provide DGS with the authority to manage the portfolio according to the agreed upon strategy, to buy and sell securities, invest or raise cash, deduct any fees and perform any other actions consistent with managing the portfolio.

In certain circumstances, Clients may provide DGS with restrictions that DGS may incorporate into the investment objectives and investment strategy. However, DGS still maintains discretionary authority and the Client may not ask DGS to make additional investment decisions not covered by the initial restrictions.



ITEM 17: VOTING CLIENT SECURITIES

DGS does not vote proxies on behalf of Clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Gerstein Fisher to discuss any questions they may have with a particular solicitation.

ITEM 18: FINANCIAL INFORMATION

DGS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. We do not have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients, and have not been the subject of a bankruptcy proceeding.