

**Part 2A of Form ADV: *Firm Brochure***



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**This brochure provides information about the qualifications and business practices of Delta Partners, LP (hereinafter “Delta”, “firm”, “we” or “our”). If you have any questions about the contents of this brochure, please contact us at (617) 526-8939 or at [rebecca.rogers@deltamgt.com](mailto:rebecca.rogers@deltamgt.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 Delta is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Delta is 114681.**

## **Item 2. Summary of Material Changes**

Effective January 1, 2016, Delta Partners, LLC converted into Delta Partners, LP. The general partner of Delta Partners, LP is Delta Partners GP, LLC. Both entities are organized in the State of Delaware. Charles Jobson will remain as the majority owner of both entities and will remain as portfolio manager for the Funds.

It should be noted that we have included additional disclosure information regarding Portfolio Concentration in Item 8 and Code of Ethics in Item 11.

Item 8 has been revised to reflect that we are following a strategy that involves substantial concentration in a particular security.

Item 11 has been revised to reflect that Mr. Jobson owns a substantial position in a security that constitutes a major holding in each of the Funds and to explain the circumstances under which Mr. Jobson may sell or pledge shares of that security.

**Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

Delta Partners, LP is an SEC-registered investment adviser with its principal place of business located in Boston, Massachusetts. Delta began conducting business in 1999. Delta Partners GP, LLC is the firm's general partner. Charles Jobson is managing member to Delta Partners GP, LLC

Our firm offers the following advisory services:

##### Investment Supervisory Services

###### Private Fund Management

Our firm provides investment supervisory services to clients, which are private investment funds, based on the individual needs or investment objectives of the client. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. Currently, Delta serves as investment manager to two private investment funds: Prism Partners, L.P. ("Prism LP"), and Prism Offshore Fund, Ltd. ("Prism Offshore"). Reference below to "the Funds" or "Clients" includes the private funds listed above.

Delta may also accept separately managed accounts at any time.

The Funds are managed on a discretionary basis in accordance with the investment objectives and policies set forth in each Fund's Private Placement Memorandum and advisory agreement. The Funds invest directly in individual equities and other investments. Delta takes several factors into account when deciding which equities and other investments to purchase or sell, but the investment strategy and specific objectives of the Funds are the predominant factors.

Prism Partners, L.P., a Delaware limited partnership, is divided into two classes, A and B. Delta Advisors, LLC ("Delta Advisors"), an affiliate of Delta, serves as general partner of Prism LP. Class A is closed to additional or new contributions.

Prism Offshore Fund, Ltd., a Cayman Islands exempted company, is divided into two classes, E and F.

The minimum initial subscription amount for each Fund is disclosed in such Fund's Private Placement Memorandum. Minimum subscriptions and other terms are negotiable for separately managed accounts.

Delta and the Funds may enter into agreements with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the Funds' Private Placement Memorandums or advisory agreements. Such terms may include special rights to make future investments

in a Fund, other investment vehicles or managed accounts, enhanced liquidity terms, transparency rights and/or reduced fee structures resulting in such investors obtaining more favorable terms for investment. Delta may also provide additional information (special reporting) by special agreement with investors. These investors will be privy to certain information regarding one or more of the Funds that may not be available to other investors or that may be available at a later date to other investors. Such investors may make investment decisions with respect to the Fund(s) based on such knowledge. Prospective investors in any one or more of the Funds should refer to the appropriate Private Placement Memorandum and organizational documents for more information on the reports provided to investors.

Prospective investors in any of the Funds should be aware of additional risks, restrictions on withdrawals and redemptions and other important information associated with an investment in any of the Funds. This information is outlined in the Private Placement Memorandum and subscription documents for each of the Funds. Prospective investors should refer to the appropriate Private Placement Memorandum and subscription documents for information regarding these important additional considerations.

Interests in the Funds are offered in reliance upon various exemptions available under the securities laws for transactions in securities not involving a public offering.

The Funds' portfolio holdings may also include exchange-listed and over-the-counter securities, option contracts on securities, no-load or load-waived mutual funds, exchange traded funds, corporate debt securities, foreign securities, United States governmental securities, certificates of deposit, warrants and rights, commercial paper, and municipal securities, preferred stock, sovereign debt, bank debt, convertible securities, swaps, futures contracts, forward contracts, commodities, and other derivative instruments, partnership interests, private securities and other securities or financial instruments including those of investment companies and venture capital investments.

### **Amount of Managed Assets**

As of 09/01/2016, we were managing, on a discretionary basis, \$248,575,868 of net client assets in the Prism strategy. As of 08/31/2016, regulatory assets under management were \$553,486,053.

## **Item 5. Fees and Compensation**

### **Private Fund Management**

Prism Partners, L.P. - Class A limited partners pay a management fee of 25 basis points each quarter, calculated as of the first business day of each quarter using the beginning Net Asset Value before deduction of the performance allocation. Class B limited partners pay a management fee of 37.5 basis points each quarter, calculated as of the first business day of each quarter using the beginning Net Asset Value before deduction of the performance allocation. The management fee is payable in advance. Delta Advisors, as general partner of Prism LP, receives an annual performance allocation equal to 20% of each limited partner's net realized and unrealized profits for the year, adjusted for net losses incurred by such limited partner in prior years. A limited partner may withdraw all or part of its capital account as of the last day of each calendar quarter by giving the general partner a minimum of 60 days advance written notice. Class A limited partners are subject to a 2% withdrawal fee if any withdrawal is made less than twelve months after the initial contribution. Class B limited partners are subject to a 4% withdrawal fee if any withdrawal is less than twelve month after the initial contribution. The withdrawal fee is based on the limited partner's initial capital contribution and is payable to Prism LP.

Prism Offshore Fund, Ltd - Classes E and F pay a management fee of 50 basis points each quarter, calculated the first business day of each calendar quarter using the beginning Net Asset Value before deduction of the performance fee and is payable on a monthly basis. Delta also receives an annual performance fee equal to 20% of the aggregate net realized and unrealized profits allocable to each share, adjusted for net losses incurred in prior years. Redemptions are permitted monthly upon written notice received by the Fund not less than 90 days before the date of the redemption. Shareholders are subject to a 4% redemption fee on shares that are redeemed prior to eighteen months of becoming a shareholder. The redemption fees are based on the amount redeemed and are payable to Prism Offshore.

It is possible that one Fund managed by Delta may invest in another Fund managed by Delta. In order to minimize potential conflicts of interest, the Recipient Fund will not charge any management fee or incentive allocation on the Investing Fund's investment. Any withdrawal or transfer by the Investing Fund from the Recipient Fund generally will be permitted on the same terms as other limited partners and will be subject to the same limitations applicable to withdrawals (e.g., notice, suspension of withdrawals, etc.).

### **Fees in General**

Fees and account minimums for all separate account services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional

assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Discounts, not generally available to our advisory clients, may be offered to family members, employees, affiliates and friends.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Clients should note that similar advisory services may (or may not) be available from other registered or unregistered advisers for similar or lower.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

#### Mutual Fund and ETF Fees and Expenses

All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and 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. A client could invest in a mutual fund or an ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Investors in private funds should understand there are two layers of fees when we invest Fund assets in ETFs and mutual funds.

#### Additional Fees and Expenses

In addition to advisory fees paid to our firm, clients will also be responsible for advisory fees charged by third-party managers and all transaction, brokerage, and custodian fees incurred as part of their account management. Please refer to the Brokerage Practices section (Item 12) of this Brochure for important disclosures regarding our brokerage practices.

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

As we disclosed in the Fees and Compensation section (Item 5) of this Brochure, Delta and/or its affiliates receive a performance-based fee, in connection with the management of the Funds. The fee is in the form of an annual performance allocation or fee equal to each investor's net realized and unrealized profits for the year, adjusted for net losses from certain clients.

To qualify for a performance-based fee arrangement, an investor in a Fund must either demonstrate a net worth of at least \$2,100,000 or must have at least \$1,000,000 under

management immediately after entering into a management agreement with us. Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940.

Clients and investors should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. We currently do not have non-affiliated clients or investors who do not pay performance-based fees. Should we have such clients or investors in the future, we will have an incentive to favor accounts that do pay such fees because compensation we receive from these clients or investors is more directly tied to the performance of their accounts. Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we will take the appropriate steps to address these conflicts.

## **Item 7. Types of Clients**

As noted in the Advisory Business section (Item 4) of this Brochure, our firm generally provides advisory services to the Funds.

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

Our research and analysis of securities, money managers, mutual funds, investment partnerships and other investment vehicles includes: (a) conducting personal interviews as well as tours of company facilities; (b) reviewing performance records; (c) reviewing the manager's or firm's marketing and other materials; (d) reviewing the firm's organizational structure and decision making processes; and (e) reviewing governmental records. The analysis process includes both objective and subjective criteria. To maximize the effectiveness of our research efforts, we will follow a limited number of industries and companies. This strong industry focus will emphasize healthy industry fundamentals as the best predictor of future performance. Within each industry, we will identify a select group of candidates for purchase and sale based on detailed fundamental analysis. We may employ the following types of analysis to formulate client recommendations:

Fundamental analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall



market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: Technical analysis seeks to identify price patterns and trends in financial markets and attempts to exploit those patterns. We follow and examine such indicators as price, volume, moving averages of the price and market sentiment.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis: Cyclical analysis concentrates on business cycles as well as asset market cycles, examining alternating phases of rises (expansion) and falls (contraction) in volumes, prices and returns.

Since cyclical analysis is based on examination of rising and falling trends, investors bear risk of mis-timing, with a specific trend lasting longer or shorter than expected.

Quantitative analysis: We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative analysis: We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

The Funds may pursue complementary investment strategies to enhance portfolio returns. Complementary strategies include value-based investments, asset value plays, turnarounds, distressed securities, and high yield securities.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the client's account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short selling: We borrow shares of a stock for the Funds from someone who owns the stock on a promise to replace the shares on a future date at a certain price. We then sell the shares we have borrowed. On the future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If the stock has gone down since we purchased the shares from the original owner, the Funds keep the difference.

One risk in selling short is that losses are theoretically unlimited; we are obligated to repurchase the stock no matter how much the price has climbed. In addition, even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place. Short selling may not be appropriate in times of inflation, as prices may adjust upwards regardless of the value of the stock.

Leverage: In an effort to maximize returns, we will also employ leverage as a normal course of our strategy. We believe that leverage will allow the Funds to take advantage of value-added investment research. Leverage will be employed to the extent that we believe it can substantially exceed the costs of leverage. Leverage will significantly amplify the effect of gain or loss on the Funds.

A risk in a leveraging strategy is that it increases the volatility of a Fund's net asset value by essentially magnifying the gains or losses of the fund's portfolio holdings. If a client uses leverage to make an investment and the investment moves against the client, his or her loss is much greater than it would have been if the investment had not been leveraged.

Trading: We may purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

A risk in a short-term purchase is the potential for sudden losses if the anticipated price swing does not materialize. Moreover, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result

in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains, if applicable.

Financially Distressed Issuers. We may purchase debt securities of issuers experiencing financial distress. Debt investments may take the form of the purchase of bank loans, equipment leases, trade payables and other traded debt or preferred stock of companies which may undergo Chapter 11 bankruptcy proceedings or other financial reorganizations, exchange offers, liquidations, and other extraordinary transactions. We may also invest in equity securities of such companies.

These investments may be "below-investment grade" obligations of issuers in weak financial condition, experiencing poor operating results or having substantial capital needs or negative net worth, including companies involved in bankruptcy or other reorganization and liquidation proceedings. A risk is that the Funds may lose its entire investment, may be required to accept cash or securities with a value less than the its original investment and/or may be required to accept payment over an extended period of time. The Funds' investments in unrated securities of distressed companies may be subject to greater levels of credit and liquidity risk than a fund that does not invest in such securities.

Foreign Investment Risk: We may invest in the securities of non-U.S issuers. We believe there are many opportunities available in both foreign developed and emerging markets.

Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments (less liquidity), higher transaction costs, foreign government restrictions, less government supervision of exchanges, lack of uniform accounting and auditing standards, greater price volatility, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

Concentrated Portfolio: At present the portfolios of each of the Funds is concentrated largely in one equity security, in part due to an increase in price of that security. This increases the risk of loss to the portfolio in the event of adverse developments with respect to that security. The size of the position and historical trading volumes indicate that a Fund would not be likely to sell its position or a large portion of it at current market prices except over an extended period. With other investments, we generally seek to diversify but, we may at times elect to concentrate investments in particular companies, industries, countries, and regions.

Futures Contracts: We may enter into futures contracts as part of our investment strategy or to hedge against changes in commodity prices, equity prices or interest rates. Investing in futures contracts is a highly specialized investment activity entailing greater than ordinary investment risk. Investments in futures contracts may expose the Funds to commodity risk, equity risk and interest rate risk.

Trading security futures contracts may not be suitable for all investors. The Funds may lose a substantial amount of money in a very short period of time. The amount lost is potentially unlimited and can exceed the amount originally deposited with the broker. This is because futures trading is highly leveraged, with a relatively small amount of money used to establish a position in assets having a much greater value.

If movements in the markets for security futures contracts or the underlying security decrease the value of the positions in security futures contracts, the Funds may be required to have or make additional funds available to the carrying firm as margin. If the account is under the minimum margin requirements set by the exchange or the brokerage firm, the position may be liquidated at a loss, and the Funds will be liable for the deficit, if any, in the account.

Options: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.

A put gives us, the holder, the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to “hedge” a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for the Funds’ portfolio.

We use “covered calls”, in which we sell an option on security the Funds own. In this strategy, the Funds receive a fee for making the option available, and the person purchasing the option has the right to buy the security from the Funds at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

We may write uncovered options for the Funds. There are special risks associated with uncovered option writing, which exposes the Funds to potentially significant loss.

Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.
3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock of options positions in the investor's account with little or no prior notice in accordance with the investor's margin agreement.

We may use a “spreading strategy”, in which we purchase two or more option contracts (for example, a call option that the Funds buy and a call option that the Funds sell) for the same underlying security. This effectively puts the Funds on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

New Issues: From time to time, we may purchase for the Funds, equity securities that are part of an initial public offering (known as “new issues” or “IPOs”). Under the U.S. Financial Industry Regulatory Authority, Inc. (“FINRA”) Rule 5130 and Rule 5131, certain investors may be ineligible to receive allocations of new issues due to their affiliation with FINRA broker dealers, investment advisory firms or other financial institutions.

***Clients and investors should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

## **Item 9. Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

## **Item 10. Other Financial Industry Activities and Affiliations**

As set forth in the Advisory Business section (Item 4) of this Brochure, Delta Partners GP, LLC serves as general partner of Delta Partners, LP. Delta Advisors, LLC, an affiliate of Delta, serves as the general partner of Prism LP.

In addition, Delta (or its principals, members, officers, employees or affiliates) may serve as investment manager or investment advisor to other client accounts and conduct investment activities for its own accounts. Further, Delta (or its members, officers, affiliates or employees) may serve as consultants or general partner to managers of other private investment funds or private investment fund-of-funds and give advice as to what funds or such fund-of-funds might invest.

## **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

It is our policy not to favor any one Fund over another in selecting securities and effecting transactions, subject to the suitability of those recommendations to a particular Fund and the specified investment objectives of the Fund. We may take investment action for the Funds contemporaneously with or at different times from investment action taken on behalf of another Fund and such investment action may be similar to or different from investment action (as to the timing or nature of the action taken) on behalf of another Fund. In addition, our principals, members, employees, and other persons whom we consider a Covered Person (collectively, "Covered Persons") may, from time to time, for their own accounts, purchase, sell, hold or own securities or other assets which may be recommended for purchase, sale or ownership for one or more of the Funds. We have internal procedures concerning possible conflicts of interest. Subject to the final paragraph of this Item 11, it is our policy that our Covered Persons should at all times place the interests of the Funds first, conduct all personal securities transactions in a manner as to avoid any actual or potential conflict of interest or any abuse of the individual's position of trust and responsibility, and adhere to the fundamental standard that Covered Persons should not take inappropriate advantage of their positions.

### Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our Covered Persons, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities

in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. Our Code of Ethics also includes the firm's policy of prohibiting the use of material non-public information. Each of our employees is required to acknowledge that he or she received, read and understands our Code of Ethics. Clients, prospective clients, and investors may contact Rebecca Rogers at (617) 526-8939 or [rebecca.rogers@deltamgt.com](mailto:rebecca.rogers@deltamgt.com) if they would like to receive a copy of our Code of Ethics.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our Covered Persons will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing Covered Persons to invest for their own accounts. Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for clients for their personal accounts. In addition, they may have an interest or position in a certain security(ies), including the Funds, which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we maintain the following procedures on personal investment activities contained in its Code of Ethics:

- (i) Covered Persons must obtain preclearance for all personal trades prior to the initiation of the trade, with the exception of open-end mutual funds and other exceptions detailed in the policy;
- (ii) Covered Persons are prohibited from purchasing Restricted Securities, as defined in the policy, unless the security has not been traded by Delta or has not had a pending buy or sell order for a minimum of three business days. Preclearance for any Restricted Security must be obtained by the applicable Portfolio Manager.
- (iii) All Covered Persons are required submit to the Chief Compliance Officer an Attestation Statement listing the names and account numbers of any brokerage firms or banks where the Covered Person maintains an account in which any securities are held, no later than the thirtieth (30th) day following each calendar quarter end.
- (iv) Covered Persons are required to direct their brokers or custodians to supply to the Compliance Officer with monthly or quarterly account statements for the applicable quarter as soon as they are available.
- (v) Covered Persons are also required to submit to the Chief Compliance Officer within 10 days of employment and annually thereafter a statement listing all of the securities in which the Covered Person has any beneficial ownership, business activities in which the Covered Person has a significant role, and the names of any brokerage firms or banks where the Covered Person maintains an account. The statement must be current

as of a date no more than 45 days prior to the date the report was submitted.

It should be noted that Covered Persons of Delta may have varying investment objectives and may employ investment techniques for themselves that differ from those employed for the Funds. These different techniques, investment and tax considerations may not always be consistent with decisions made for the Funds.

At present Mr. Jobson owns a substantial position in a security that constitutes a major holding in each of the Funds. This could influence investment decision-making because the personal holding creates an incentive not to sell the securities in the Funds to avoid negatively impacting the price of the shares held personally. Based on historical trading volume, the ability to sell the shares held by the Funds and held personally at current market prices is limited. In the event that Delta were to decide that some or all of the shares should be sold based on the investment merits, market conditions, or otherwise, Mr. Jobson would have incentive to sell ahead of the Funds. To mitigate this potential conflict, if an investment decision is reached that the positions in the security should be decreased, sales will be made for the Funds, before sales by Mr. Jobson are approved. However, tax obligations could lead Mr. Jobson to wish to sell shares in the security or to pledge them to raise funds. Pledged shares could be sold to meet a margin call or otherwise. If, based on the merits of the investment, the Funds elect to maintain their holdings of security at a time when Mr. Jobson elects to sell shares in order to meet tax obligations, Mr. Jobson will be permitted to sell. If, for any reason, the Funds elect to sell shares of the security at a same time that Mr. Jobson elects to sell shares in order to meet tax obligations, then the sales will be made *pari passu* based on the relative size of the holdings by each. If, for any reason, the Funds elect to sell shares at a time when a lender to which Mr. Jobson has pledged shares, elects to sell shares, then each of the lender and the Funds may contemporaneously sell shares. Depending on the circumstances, the amount and the method of sale, sale of shares by Mr. Jobson or a lender could negatively affect the security's market price to the detriment of the Funds, particularly if there are contemporaneous sales.

## **Item 12. Brokerage Practices**

We have the authority and discretion to select brokers and dealers to execute portfolio transactions initiated by us and to determine the commissions paid in connection with securities transactions for a Fund or client. In placing such securities, we use our best efforts to obtain prompt execution of transactions at favorable prices and at commissions, which are reasonable in relation to the benefits received. The determination of best price and execution involves a number of considerations. Brokers or dealers involved in the execution of securities transactions on behalf of the Funds are selected on the basis of their professional capability and the value and quality of their services. In selecting such brokers or dealers, we consider various relevant factors, including without limitation, the size and type of the transaction, the nature and character of the markets for the security to be purchased or sold, the execution



efficiency, settlement capability and financial condition of the broker-dealer, the broker-dealer's execution services rendered on a continuing basis, and the reasonableness of any commissions. As an additional consideration, we may also consider the referral of new investors in the Funds and sales of interests in the Funds advised by us as a factor in the selection of broker-dealers to execute securities transactions on behalf of the Funds, subject to best execution.

When it appears that a number of firms can satisfy the required standards in respect of a particular transaction, consideration may also be given, consistent with the guidelines set forth in Section 28(e) of the Securities Exchange Act of 1934, as amended, to services other than execution services which such firms have provided in the past or may provide in the future. Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. We will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations. If a service provided by a broker is used by us for the purpose of both the making of investment decisions and other uses (a so-called "mixed-use" service), we make a reasonable, good faith allocation of the cost of the service between investment decision making and other uses, and pays out of its own assets the portion of the cost that is allocable to non-investment decision making uses. A substantial portion of brokerage commissions paid or principal transactions entered on behalf of the Funds may be with brokers, which, in the normal course of business, publish statistical, research and other material. Some of these services may be of value to us in advising the Funds, although not all of these services are necessarily of value in advising any particular Fund or Funds.

Brokers and dealers who provide brokerage and research services to us may receive commissions which are in excess of the amount of commissions which other brokers or

dealers may have charged for effecting the particular transactions, but only if we have determined that such excess amount is reasonable in the relation to the value of the brokerage and research services provided to us, viewed in terms of the particular transactions or our overall responsibilities with respect to the Funds.

In the event of a trading or order error, we will make our best effort to break or otherwise correct the trade. All errors are to be corrected as soon as practicable and reported to the Chief Compliance Officer as well as the applicable portfolio manager. Trades that are misallocated to the wrong account and discovered prior to settlement shall be reallocated to the originally intended account at the price of the original trade. If an error (other than a trade misallocation) is discovered on the trade date or thereafter, the trade shall be broken, if possible. If the executing broker cannot break the trade, the error should be reported to the Chief Compliance Officer who will, along with the applicable portfolio manager, investigate the matter and determine the appropriate resolution. Errors resulting from unique circumstances shall be resolved on a case-by-case basis.

UBS Securities, LLC (“UBS”) currently serves as prime broker regarding securities transactions for the Funds managed by Delta. Accordingly, the Funds will maintain an account at UBS through which the Funds execute trades, borrow funds in connection with trades, clear and settle its securities transactions and maintain custody of its securities. It is anticipated that the Funds' prime broker or an affiliate of the prime broker, will serve as primary custodian for the Funds, although the Funds may also be required (or find it advantageous) to maintain custody of certain of its non-U.S. securities at brokers or financial institutions located in non-U.S. jurisdictions. We reserve the right, in our sole discretion, to change the brokerage and custodial arrangements, described above, without prior notice to the clients or investors. Currently, in addition to UBS, UBS AG London serves as custodian for the Funds. In addition, Credit Suisse and Morgan Stanley may act as custodian for select securities traded in certain markets or select securities transactions, which are owned by the Funds. It should be noted that separately managed accounts may have different prime broker and custodian arrangements.

In addition, we pay UBS Financial Services Inc., an affiliate of UBS, for a license to use certain office space. The office space is used along with related features, such as use of furniture and equipment. We may also utilize other services offered by UBS, including business consulting and capital introduction. The provision of office space and related items, at favorable rates that may be below market and/or the favorable terms of the arrangement, could possibly be a factor when we select a prime broker for the Funds and/or broker for execution of portfolio transactions for the Funds.

### Trade Aggregation

When we seek to buy or sell the same security on behalf of more than one Fund, the purchase or sale is carried out in a manner that is considered fair and equitable to all Funds. In general, we may group orders for the various Funds in order to benefit from lower prices or commission rates. We will generally allocate such trades among the Funds with the same or similar investment objective based upon the size of the Funds, subject to such factors as each Fund's existing positions in securities, the amount of investment funds available in each, the investment policies and restrictions of each, tax considerations and the size of the allocation versus the size of the Fund, all in order to provide on balance a fair and equitable result to each Fund over time. Although sharing in large transactions may sometimes affect price or volume of shares acquired or sold, this procedure has the effect of treating all participating Funds equitable with respect to the purchase or sale price realized, although a particular Fund may receive a better or worse price than if its trading had been accomplished separately. The procedure has no effect on commission costs.

In certain cases where the aggregate order may be executed in a series of transactions at various prices, the transactions will be allocated as to amount and price in a manner considered equitable to each Fund so that each receives, to the extent practicable, the average price for such transactions. In each case, the books and records of the Funds will separately reflect, for each Fund, the orders that are aggregated and the securities held by and bought and sold for that Fund. Exceptions to the policy outlined above in the prior sentence may be based on, and are not limited to, such factors as the size of the Fund and the size of the trade. For example, we may choose not to aggregate trades where it believes that aggregation is not in the best interest of the Funds, including in situations where aggregation might result in a large number of small transactions with consequent increased custodial and other transactional costs that may disproportionately impact smaller Funds. Not aggregating trades, depending on the circumstances, may result in such Funds receiving more or less favorable execution relative to other Funds.

### **Item 13. Review of Accounts**

The Portfolio Manager and analyst(s) at Delta receive a listing of all filled trades and a copy of the fund portfolios, estimated month to date and year to date returns, as well as certain risk measurements, at the close of each trading session. On a daily basis, an employee of Delta reviews the trading activity and cash for the Funds. The Funds are also reviewed periodically during the month and in detail at month end by their third party administrator. An employee of Delta reviews and signs off on the information sent by the administrator each month end prior to the information being sent to investors.

**Item 14. Client Referrals and Other Compensation**

Delta also has employees who are involved in marketing its services to prospective and existing clients. These employees also have other responsibilities and functions with Delta in the investment, administrative and operational areas of the business and may engage in the solicitation of clients to varying degrees.

Except as described in the above paragraph, we will not enter into agreement with, or make commitments to, any broker-dealer that would bind Delta to compensate that broker-dealer, directly or indirectly for client referrals. However, as mentioned previously, when one or more brokers is believed capable of providing the best price and execution with respect to a particular transaction, we may select a broker who has referred clients to our firm or who may do so in the future. In doing so, we will not pay a higher commission than would be paid to other brokers for a similar transaction.

**Item 15. Custody**

Delta has custody of Fund assets under Rule 206(4)-2 of the Investment Advisers Act of 1940 (the “Custody Rule”). The Custody Rule specifies that its requirements may be met if a private investment fund is audited annually and the audited financial statements are sent to all the investors in such fund within 120 days after the fund's fiscal year end. We send annual audited financial statements to investors in each Fund. This information is outlined in the Private Placement Memorandum for each Fund.

**Item 16. Investment Discretion**

We have the authority to decide what securities are to be purchased and sold for the Funds, the amount of those securities, the broker or dealer to be used and the amount of commission to be paid for a purchase or sale of a security (if applicable). We use a combination of detailed fundamental analysis and charting in order to identify investments for purchase or sale. Clients may hire us to provide discretionary asset management services, in which case we place trades in a client’s account without contacting the client prior to each trade to obtain the client’s authorization for the transaction.

**Item 17. Voting Client Securities**

In the event that we have discretion to vote proxies, we will vote those proxies in the best interest of our clients and in accordance with our written policies and procedures. Currently, we vote proxies on behalf of the Funds. We have appointed a designated employee, “the Proxy Officer”, to gather, review and keep a record of all proxy statements. The Proxy Officer will forward the proxy card to the appropriate Portfolio

Manager or Analyst, who will consider any possible conflicts of interest, and if within Delta's voting guidelines, determine the method of voting and select the vote to be cast. The Proxy Officer will collect the completed proxy card from the Portfolio Manager or Analyst and vote the shares as requested. The Proxy Officer will keep records of each vote cast for a period of at least five years. It should be noted that since we will vote proxies in the best interest of each Fund or client, this may result in different voting results for proxies of the same issuer.

We will typically vote in favor of routine corporate housekeeping proposals including the election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassifications of common stock.

We will generally vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights and create supermajority voting. For other proposals, we shall determine whether a proposal is in the best interests of the Funds and may take into account the following factors, among others, (i) whether the proposal was recommended by management, (ii) whether the proposal acts to entrench existing management (iii) whether the proposal fairly compensates management for past and future performance (iv) our opinion of management. We may choose to abstain from voting for securities that are no longer held by the Funds or clients prior to the meeting date. It is important to note that we are not able to vote those securities that have been rehypothecated by the Fund's Prime Broker. We may also not be able to vote those securities that have been loaned due to a securities lending agreement. Proxy voting is a factor when deciding to lend securities.

We will consider any potential conflicts of interest between Delta, the Funds or affiliates and an Issuer prior to voting. Examples of potential conflicts of interest include Delta, the Funds or an affiliate being a substantial beneficial owner of the Issuer (greater than 5% ownership on a collective basis between the Funds) and having any other relationship with an Issuer (Issuer is an investor in a Fund managed by Delta or an affiliate). When a conflict is identified, we will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client. We will conduct periodic reviews of the relationships between Issuers and itself and affiliates and will provide an updated report to the Chief Compliance Officer.

Clients and investors may contact Rebecca Rogers at (617) 526-8939 or [rebecca.rogers@deltamgt.com](mailto:rebecca.rogers@deltamgt.com) for further information on Delta's proxy voting policy. Clients may also obtain information on how Delta voted such client's proxies on behalf of their accounts. If any client or investor requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

**Item 18. Financial Information**

Delta has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.