

# Dimension Capital Management LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Dimension Capital Management LLC (“DCM” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 305-371-2776. 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 DCM is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Current and prospective clients and investors should carefully review the disclosure contained herein. The Custody section of this report has been updated to include information regarding DCM's use of standing letters of authorization and Client Accounts and is the only material change made to this brochure since Adviser's Form ADV Part 2A was filed in March 2018.

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## Advisory Business

DCM has over 30 years of experience in wealth management. The firm was founded in 1980 as a single family office, and registered with the SEC as an investment adviser in 1997. Miguel F. Duenas serves as DCM's Managing Partner and Chief Investment Officer, and maintains ultimate responsibility for DCM's operations. The firm is majority owned by MNA Capital LLC. As of December 31<sup>st</sup> 2017, DCM provided wealth management and accounting services on \$3,023,422,098. Specifically, DCM had regulatory assets under management of \$3,016,794,967 for 239 clients and \$36,627,131 for three clients in discretionary and non-discretionary assets, respectively. Additionally, DCM provided accounting and reporting services on \$171,064,678. As required by Form ADV instructions, regulatory assets under management includes certain assets counted at both the individual client and private fund levels.

DCM provides the following advisory services:

*Discretionary investment advisory services to separately managed client accounts ("Separate*

*Accounts*”). – DCM provides investment advisory services on a discretionary and non-discretionary basis to individuals, trusts, estates, businesses, foundations, and pension and profit sharing plans. Our firm provides a broad range of asset allocation and investment advisory services on a fee-only basis. DCM’s experience as an investment adviser is rooted in its origins as a family office established over 30 years ago.

DCM provides objective guidance, customized solutions, and benefits of scale through our open-architecture asset management platform. The firm’s investment platform has a broad reach in terms of the regions, asset classes and strategies in which the firm invests, ranging from traditional equity and fixed income to more sophisticated alternative investment strategies including hedge funds, private equity, private credit and real estate.

DCM, builds customized portfolios for each client that are designed to optimize the goals and parameters surrounding each particular circumstance. While the firm uses the same platform of approved third party money managers, DCM’s structure provides the flexibility to include, exclude and individually weight investments for portfolios. As a result, DCM retains the ability to individually build each portfolio for every client and incrementally increase or decrease exposures based on changes in valuations and fundamentals. While the firm uses a single platform of available investment options for all clients to afford us the necessary economies of scale, each option is used as a building block that may be included/excluded to achieve our desired targets for each client.

DCM’s investment process strives to provide clients with portfolio performance within individual risk and return parameters. DCM’s investment process includes understanding our client’s needs, defining investment opportunities, formulating an asset allocation, manager sizing and continuous monitoring.

DCM provides continuous, high touch, resourceful and dedicated client service. Each DCM client is assigned a dedicated coverage team and has access to every member of the firm including our Client Relations, Investments and Operations & Compliance departments.

DCM’s non-discretionary investment advisory services are similar in nature to those described above. DCM will perform money manager search activities and will assist the client with the hiring of third-party money managers. DCM evaluates potential third-party managers for investment, makes asset allocation recommendations, and reviews client portfolios on an ongoing basis.

***Funds.*** – DCM serves as the investment adviser to offshore private investment funds (the “Offshore Funds”), which are not available for investment to U.S. Persons. DCM will recommend that eligible clients invest in the Offshore Funds, and such recommendations are made only if the Offshore Funds are deemed suitable for the investor. DCM, or an affiliate, also serves as the Managing Member for and DCM provides discretionary investment advisory services to several domestic investment funds (the “Domestic Funds” and, together with the Offshore Funds, the “Funds”); any such affiliate of DCM operates as a single advisory business with DCM and is deemed registered under the Advisers Act, in accordance with SEC guidance (see SEC Staff’s No-Action Letter to the American Bar Association Dated January 18, 2012), pursuant to DCM’s registration. For a list of such affiliates, see “Other Financial Industry Activities and Affiliates” below. DCM will recommend that eligible US clients invest in the Domestic Funds, and such recommendations are made only if the Domestic Funds are deemed suitable for the client.

Generally, the Funds shall provide investors with the ability to invest in one or more underlying private funds managed by third-party investment advisers. Any investment restrictions applicable for the Funds are disclosed with each Fund’s relevant governing documents.

***Investment Consulting and Other Services.*** – DCM may provide financial advisory services and specific counsel in connection with special circumstances including, but not limited to retirement, inheritance, divorce, career changes, litigation, mergers, corporate divestitures and other areas that impact personal and corporate financial transitions.

***Account Aggregation and Consolidated Reporting services.*** – These services consist of consolidating the reporting of assets held at one or multiple custodians and providing a single account statement to the client. As part of this service, DCM uses sophisticated accounting and technology platforms to aggregate a client’s multiple accounts, and to provide customized, consolidated reports. DCM may review the client’s existing fee structures, fund selections, and asset allocation and provide recommendations based on that review.

Other than open-end mutual funds and exchange traded funds, DCM generally will not recommend specific publicly traded securities as a part of its services. DCM will identify investment advisers, mutual funds and private investments funds that are believed to be compatible with the client’s investment objectives, risk tolerances and other criteria. Additionally, DCM may make a recommendation with respect to the sale of a specific security when a new client’s portfolio contains legacy investments that DCM feels are no longer appropriate.

***Relying Adviser - DCM Private Equity Group LLC.*** - DCM Private Equity Group LLC (“PEG”) is a relying advisor of DCM, which is the manager of a private fund. DCM is the investment adviser of the PEG fund. PEG is a private fund structured as a multi series LLC to provide access to private equity investments on a deal by deal basis.

## Fees and Compensation

Client Accounts – Client Accounts which are actively managed and monitored from period to period are charged fees on a quarterly basis, in arrears, based on assets under management at the end of the quarter. Fees are based on a waterfall schedule (with the exception of PEG funds which are charged fees on a deal by deal basis) and may be individually tailored to certain circumstances. In certain cases, at an eligible Client Account’s request, DCM may negotiate fee structures that include performance incentive fees and/or hurdle rates. Our basic fee structure is as follows:

Total Account Value		Increment	Rate
From	To		
0	10,000,000	10,000,000	1.00%
10,000,000	20,000,000	10,000,000	0.90%
20,000,000	40,000,000	20,000,000	0.80%
40,000,000	80,000,000	40,000,000	0.70%

80,000,000	160,000,000	80,000,000	0.60%
160,000,000	500,000,000	340,000,000	0.55%

In cases when a Client Account is invested in one or more of the Funds, DCM will apply the fee schedule above to the total account value and any management fees payable to DCM directly through the Funds will be credited to the investment advisory fee calculation, which will reduce the amount of the total invoice.

DCM either deducts fees directly from certain Client Accounts or invoices its Client Accounts for fees incurred. Client Accounts may instruct DCM as to the manner in which fees are assessed.

Funds – Fees charged for advisory services to the Funds can include a combination of asset-based fees and performance-based fees, which may be subject to hurdle rates and high-water marks. All such fees terms are subject to negotiation and are set forth in each Fund’s relevant governing documents. Investors in certain of the Funds indirectly share in the administrative service costs charged to the Fund. These include expenses such as accounting and audit, insurance, research, travel, and other costs necessary to the carrying out the business of the Fund and production of the Fund’s net asset values as permitted by the offering memorandums.

In certain instances, investors in the Funds that are not otherwise DCM clients may negotiate a fee with DCM which is charged per annum (quarterly in arrears) with a calculation methodology consistent with the underlying Fund’s fees.

Account Aggregation and Consolidated Reporting Services – These services are provided to portfolios that are not managed by DCM. Fees are charged quarterly, in arrears, and based on assets. All fees are subject to negotiation.

Fund Operations Fees and Services – The Funds do not have full third party administrator services; instead, such Funds have entered into an agreement (the “Fund Operations Agreement”) with DCM. Under the terms of the Fund Operations Agreement, each Fund pays DCM an annual fee equal to five (5) basis points, calculated and assessed monthly in arrears based on the aggregate net assets of the Fund (the “Fund Operations Fee”). Any applicable services and expenses not included in the Fund Operations Agreement are charged to the fund, if applicable, as Operating Expense. Details of Funds’ fees are provided in the PPMs.

#### Important Additional Information Regarding Fees:

In addition to fees assessed by DCM, Client Accounts and investors in the Funds will indirectly bear the fees and expenses charged by the third party investment managers hired by DCM. Those fees, which vary, will typically include management fees based on a percentage of assets under management, and may also include performance-based fees or allocations. Additionally, the fees paid to DCM are exclusive of all custodial and transaction costs paid to custodians, brokers or any other third parties. Investors should review all fees charged by DCM, custodians and brokers and others (including the third-party sub advisers), as disclosed in the Funds’ governing documents, to fully understand the total amount of fees to be paid.

Termination - Services may be terminated by either party at any time and unearned fees (if any) will be determined and refunded based upon the time and effort expended by DCM as reflected in the time records through the date of notice. All fee schedules are subject to adjustment upon written notification and are effective as of the date noted on the notice.

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

As stated in the Fees and Compensation section above, DCM charges performance based fees to certain of its Client Accounts and Funds, which are fees based on a share of capital gains or capital appreciation of the client's assets.

Performance based fees may create an incentive for DCM to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Performance based fees may create an incentive for the Company to favor accounts that pay a performance based fee over other accounts that do not pay a performance based fee. In addition, DCM may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize.

DCM mainly manages accounts with an asset-based fee. In certain limited instances, DCM will manage an account with a combination of an asset-based fee and performance fees and potential conflicts of interest may exist. In order to mitigate any such conflicts, DCM has developed allocation procedures that are driven by top down macro views, diversification guidelines and clients' needs. Any potential new investment opportunities will be offered to all eligible clients.

## **Types of Clients**

DCM's Client Accounts consist of individuals, trusts, estates, businesses, foundations and pension and profit sharing plans, among others. DCM acts as investment adviser to the Funds.

While DCM does not have an absolute minimum value of assets for starting or maintaining an account, a Client Account should evidence the capability of growing to a \$10 million level over the medium-term. At its discretion, the Company may make exceptions.

The Offshore Funds have established a minimum investment amount of \$50,000 per investor regardless of the series in which they are invested.

The Domestic Funds generally accept investors with a minimum amount of \$50,000 however this is subject to the discretion of DCM.

The PEP fund generally accepts investors with a minimum amount of \$1,000,000 however this is subject to the discretion of PEP.

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

DCM's Chief Investment Officer and the investment team conduct due diligence on current and prospective managers and will discuss potential investments and general investment themes with the other members of the Investment Committee on an ad hoc basis. Additionally, DCM's investment team, with direction and approval from the Investment Committee, maintains "model portfolios" from which DCM clients' portfolios are customized. DCM also conducts periodic meetings which involve pertinent team members in discussions regarding the model portfolios, market news, underlying manager news, and new ideas and strategies, among other items.

DCM performs comprehensive due diligence on all potential investments, which includes, as applicable, a review of offering documents, prospectuses, performance records, audited financial statements, peer analyses, and calls and in-person meetings with investment managers.

DCM uses its network of previous business relationships and contacts to identify potential third-party investment managers for its clients. DCM may also utilize certain third-party investment databases to identify potential managers.

On an ongoing basis, DCM corresponds with third-party investment managers to discuss performance, market trends, valuations, and other issues as necessary. Periodically, DCM will conduct onsite due diligence reviews of its third-party investment managers as needed. Finally, DCM may gather information from its professional network and conduct background checks and/or reference checks on key principals if warranted.

The following are certain risks applicable to advisers that select third-party investment managers to manage a portion of its clients' underlying assets. All investing involves a risk of loss that Clients and investors in the Funds should be prepared to bear. DCM clients primarily invest in third-party investment managers through private investment vehicles sponsored by the third-party investment manager or its affiliate ("Underlying Private Funds").

**Cybersecurity.** Investment advisers, including DCM, must rely in part on digital and network technologies ("cyber networks") to maintain substantial computerized data about activities for client accounts and otherwise conduct their businesses. Such cyber networks might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerized data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers seeking to compromise sensitive information, corrupt data, or cause operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. DCM maintains policies and procedures on information technology security, it has certain technical and physical safeguards intended to protect the confidentiality of its internal data, and takes other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from inadvertent disclosure or wrongful misappropriation or destruction. Nevertheless, despite reasonable precautions, the risk remains that cybersecurity incidents could potentially occur, and such incidents, in some circumstances, might result in unauthorized access to sensitive information about DCM or its clients or their investors, and/or cause

damage to client accounts or DCM's activities for clients or their investors. DCM will seek to notify affected clients and investors of any known cybersecurity incident that may pose a substantial risk of exposing confidential personal data about such clients or investors to unintended parties.

**No Registration.** The Underlying Private Funds will not be registered as investment companies under the Investment Company Act of 1940 (the "1940 Act") and, therefore, clients will not be entitled to the various protections afforded by the 1940 Act with respect to its investments in Underlying Private Funds. Accordingly, the provisions of the 1940 Act, which, among other things, require investment companies to have securities held in custody at all times in segregated accounts and regulate the relationship between the investment company and its asset management, are not applicable to an investment in the Underlying Private Funds. Unlike registered investment companies, Underlying Private Funds generally are not obligated to disclose the contents of their portfolios. This lack of transparency may make it difficult for the Company to monitor whether holdings of the Underlying Private Funds cause its clients to be above specified levels of ownership in certain asset classes. Although DCM clients expect to receive information from each Underlying Fund regarding its investment performance on a regular basis, in most cases there is little or no means of independently verifying this information. An Underlying Fund may use proprietary investment strategies that are not fully disclosed to its investors and may involve risks under some market conditions that are not anticipated by the client. In addition, certain advisers to Underlying Private Funds will not be registered as investment advisers under the Investment Advisers Act in reliance on certain exemptions from registration under that Act. In such cases, the advisers will not be subject to various disclosure requirements and rules that would apply to registered investment advisers.

**Generation of multiple levels of fees and expenses.** Investors in Underlying Private Funds bear the applicable fees discussed in the Fees and Compensation section in addition to asset-based fees and performance-based fees and allocations of the Underlying Private Funds. The performance-based compensation received by an adviser to an Underlying Fund may also create an incentive for that adviser to make investments that are riskier or more speculative than those it might have made in the absence of the performance-based allocation.

**Underlying Private Funds may be illiquid.** The redemption or withdrawal provisions regarding the Underlying Private Funds vary from fund to fund. Therefore, DCM clients may not be able to withdraw their investment in an Underlying Private Funds promptly after it has made a decision to do so. The Client must adhere to the liquidity terms set forth by the Underlying Private Funds. Some Underlying Private Funds may impose early redemption fees. This may adversely affect the client's investment return or increase the client's expenses and limit the client's ability to make offers to repurchase units.

**Underlying Private Funds may not allow withdrawals and may distribute securities instead of cash.** Underlying Private Funds may be permitted to redeem their interests in-kind. Thus, upon the DCM client's withdrawal of an interest in an Underlying Private Fund, it may receive securities that are illiquid or difficult to value. Limitations on the client's ability to withdraw its assets from Underlying Private Funds may, as a result, limit each fund's ability to repurchase units from investors.

**Underlying Private Funds may be difficult to value.** The valuation of the client's investments in Underlying Private Funds is ordinarily determined based upon valuations calculated by the Company



based on information provided by the Underlying Private Funds and their auditors. Although the Company reviews the valuation procedures used by the Underlying Private Funds, the Company may not be able to confirm or review the accuracy of such valuations. DCM may face a conflict of interest in valuing Underlying Private Funds, since the Underlying Private Funds' values will affect DCM's compensation. In order to mitigate this potential conflict, DCM relies on the valuations provided by the Underlying Private Funds.

**The Advisor will not control the Underlying Private Funds.** The Company does not and will not control the Underlying Private Funds. DCM will monitor the Underlying Funds to detect any deviations from their stated investment mandate, but there is no guarantee that these funds will not deviate unexpectedly.

Details on specific risks related to the Funds are described in their respective governing documents.

**PEG.** DCM may not and its affiliates may not devote all of their time to the management of the PEG fund and Sub-Funds, and may continue to manage assets other than those of the PEG fund and Sub-Funds. All of the officers, directors, shareholders and partners of PEG may be involved in many other business activities, including, but not limited to, those of DCM. Each of such persons will spend the time they deem appropriate on business affairs of the Fund. Conflicts of interest may arise in allocating management time, services or functions. DCM may have existing investments and/or funds which may be in competition with, and/or draw their time and attention away from, the PEG fund. A Sub-Fund may make an investment in an operating company which is already held by one or more other Sub-Funds or accounts of the Investment Adviser or a position that is subordinated or senior to or otherwise adverse to a position held by one or more other Sub-Funds or accounts. For example, a Sub-Fund may own debt of an operating company while another Sub-Fund or account managed by the Investment Adviser or its affiliates owns equity in the same operating company. It is possible that the activities or strategies used for other Sub-Funds or accounts could conflict with the activities and strategies employed in managing the assets of another Sub-Fund and affect the prices and availability of the securities and instruments in which a Sub-Fund invests.

In addition to its carried interest and/or any management fees generated by a Sub-Fund, PEG may realize other benefits from the operation of the fund and its Sub-Funds, such as gaining access to certain sponsors and investment opportunities and other relationships that may provide economic or business benefits to PEG and its affiliates but not the fund or other Sub-Funds

Additional details on specific risks related to the PEG fund are described in the fund's governing documents.

## **Disciplinary Information**

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

## Other Financial Industry Activities and Affiliations

As discussed in the Fees and Compensation section, DCM will recommend that eligible Client Accounts invest in the Funds, and such recommendations are made only if the Funds are deemed suitable for the Client Account. Client Accounts that invest in the Funds are not assessed with fees at both the Fund and Client Account levels.

As discussed above, DCM provides investment advice to the Funds. The general partners or managing members of certain of the Funds are affiliated with DCM by common ownership; the general partners or managing members of the respective Funds are:

<u><i>General Partner / Managing Member</i></u>	<u><i>Fund</i></u>
DCM Credit Opportunities Partners, LLC	DCM Credit Opportunities Fund, LLC
DCM Event Driven Partners, LLC	DCM Event Driven Fund, LP
DCM Private Equity Group, LLC	All PEP Funds and Series of Fund
DCM VG Long Only GP, LLC	DCM VG Long Only Fund, LP
DCM Investments, Corp.	DCM Investments, L.P.

DCM is the investment manager of each Fund listed immediately above and is the Managing Member of any other Fund not listed immediately above. With respect to DCM-KF CHE Holdings, Kingfish Group, Inc., or an affiliate thereof (“Kingfish”), assisted in sourcing the transaction and shares in the carried interest. A representative of Kingfish serves on the advisory board of DCM-KF CHE.

Miguel F. Dueñas, DCM’s President and Chief Investment Officer serves on the Board of Advisors or on the Board of Directors for two of the underlying funds in which DCM invests. DCM does not receive direct or indirect compensation from any of its Underlying Private Funds or their respective investment managers.

As noted in the Client Referrals and Other Compensation section below, DCM acts as administrator to an unaffiliated private fund. DCM is responsible for maintaining the accounting books and records, calculation of NAVs, recording of all accounting transactions and maintains subscription and redemption records. DCM also liaises with legal counsel for any amendments to the offering memorandum.

DCM has a minority ownership interest (less than 1%) in a savings and loan holding company, National Advisors Holdings, Inc., that has formed a federally chartered trust company, National Advisors Trust Company (“NATC”). NAH and NATC are regulated by the Office of Thrift Supervision. DCM intends to refer certain clients to NATC for trust and/or custodial services. DCM will only recommend NATC to its clients when it feels that is in the best interest of its clients.

PEG and its funds are affiliated to DCM, which are under common control. The principals of PEG are also principals for DCM. PEG has engaged DCM to serve as the Investment Adviser for its funds. PEG and DCM share office space and facilities and by virtue of that shared space, personnel of the Investment Adviser who are not associated with PEG or its funds, may have access to confidential and/or investor information of its funds. Due to the common control and sharing of space and certain personnel with an SEC-registered investment adviser, PEG is a "relying adviser" of DCM and will comply with federal and state laws applicable to investment advisers. Thus, the fees addressed in the "Fees and Compensation" section do not apply to PEG or its funds. The fees for these Funds are charged on a deal by deal basis. Additional details relating to conflicts of interest can be found in the funds' governing documents.

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

DCM has adopted a Code of Ethics (the "Code"), which includes a formal code of ethics and insider trading policies and procedures. The Code requires, among other things, that DCM employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of DCM above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on the employee and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

The Code also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide DCM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

Clients, investors, or prospective clients and investors may obtain a copy of the Code by contacting Mr. Albert Marques (DCM's Chief Compliance Officer ("CCO")) via phone at (305) 371-2776.

The Company and its related persons, including its employees, may invest their personal funds in the Funds, and, therefore, such persons may hold the same securities as other investors in the Funds. In addition, DCM and its related persons may own securities in their personal accounts that are also recommended by the Company to its clients.

DCM has established procedures intended to limit conflicts of interest in cases where the Company, a related person, or any of its employees, buys or sells securities recommended by DCM to its clients. These procedures include the obligation to pre-clear transactions in private placements (which includes interests in private investment funds) through the CCO and a quarterly review of investment activity within the personal accounts of DCM employees.

As previously discussed, DCM will recommend that certain eligible Client Accounts invest in the Funds, in which DCM or a related person holds a financial interest. However, Client Accounts that invest in the Funds are not assessed with fees at both the Fund and Client Account levels and therefore DCM does not have a material incentive to direct the Client Accounts to invest in the Funds.

## **Brokerage Practices**

DCM has been granted discretionary authority in limited cases by its clients, including the Funds, to select the brokers or dealers utilized to effect securities trades. Any limitations which might be placed on DCM with respect to security or investment manager selection are “client specific” and, to the extent that they exist, are detailed at the opening of the client’s account. DCM typically invests Client Accounts’ assets in exchange traded funds, open-end mutual funds, the Funds, or recommends the use of Underlying Private Funds or Client accounts managed by unaffiliated third-party investment advisers.

In cases where DCM has been given the discretion to select broker-dealers to execute transactions, DCM’s guiding principle is to seek to obtain the best overall execution for each client on each trade. DCM considers a number of factors, including, without limitation, the actual handling of the order, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker to commit capital, DCM’s past experience with similar trades, and other factors that may be unique to a particular order. In recognition of the value of these judgmental factors, DCM may pay a brokerage commission that is higher than the lowest commission that might otherwise be available for any given trade. This may provide a benefit to the Company since it would not be required to directly produce or pay for such research, products, and services. DCM does not maintain formal soft dollar arrangements and does not accrue commissions in order to direct payment for research or brokerage services.

In many cases, a Client Account directs DCM to utilize a particular broker-dealer to execute some or all transactions for the Client Account. Specifically, many Client Accounts direct DCM to execute all securities transactions through the broker-dealer that acts as custodian for the Client Account’s assets. In such circumstances, the Client Account is responsible for negotiating the terms and arrangements for the account with that broker-dealer. DCM will not be able to aggregate the Client Account’s transactions, for execution through other brokers-dealers, with orders for other accounts advised or managed by DCM. As a result, the Client Account may pay materially disparate commissions, greater

spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case. In the event that a Client Account or investor is referred to DCM by a broker-dealer, DCM has a potential conflict between the Client Account and/or Funds' interest in obtaining best execution and DCM receiving future referrals from the broker-dealer.

Typically, eligible clients participate in investments in registered and unregistered funds on a pro rata basis. Certain investments may not be appropriate for all DCM clients and, as such, shall only be offered to those clients that have investment guidelines consistent with the investment.

DCM takes great care in making and implementing investment decisions on behalf of client accounts. To the extent that any errors occur, they will be corrected as soon as practicable and in such a manner that the client incurs no loss. Clients will generally retain any gains resulting from a trade error.

## **Review of Accounts**

DCM provides ongoing investment supervisory and monitoring services to seek to ensure that performance of the recommended third-party managers compares favorably with financial market indices, benchmarks and the universe of similar managers. DCM also reviews the unaffiliated third-party investment managers' performance versus the mandate agreed to in the hiring process and presents periodic reports to the Client Account orally and in writing. DCM provides similar services to the Funds.

Client Service Officers work with DCM's investment team to create a customized portfolio for each of their Client Accounts taking into account their unique situations. Each Client Account's portfolio is constantly reviewed by their respective Client Service Officer. During Client Asset Allocation Reviews, all Client Accounts and funds are reviewed on at least a quarterly basis. The Investment Committee will review and approve all asset allocation targets for all model portfolios and any subsequent changes. The model portfolios are reviewed and assessed by the Investment Committee on an ongoing basis.

DCM reports to each Client Account on a monthly or quarterly basis as agreed with the Client Account. The reports vary according to the Client Account's needs, but will generally include balances for each period's beginning and ending market value, gain or loss for the period, time weighted rates of return, comparison of returns to appropriate market indices. Client Accounts can also request web access to their account information. Investors in the Funds will receive audited financial statements on an annual basis and may also receive periodic reporting from certain of the Underlying Private Funds.

DCM reviews investments in the PEG fund and Sub-Funds, at least, on a quarterly bases.

## **Client Referrals and Other Compensation**

DCM does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients. Additionally, DCM is not currently a party to any solicitation agreements and does not compensate any third party for client referrals.

DCM provides administration services to private funds managed by DCM as well as funds not managed by DCM. These services include fund accounting and financial reporting services, preparing and reviewing investment documentation and maintaining detailed records of all investment transactions, execution of authorized trades, calculating management fees and recording expenses in accordance with the fund agreements, calculating the fund's NAV's and returns, maintaining the limited partner register and transfer of interests as required, coordinating any regulatory filings, drafting the fund audited financial statements, and supervision of the audit process. DCM receives a separate fee for the services provided to third-party private funds not managed by DCM. Fees charged for such services can include a combination of fixed fees and asset-based fees.

## **Custody**

To the extent required, all client assets are held in custody by unaffiliated broker/dealers or banks; however DCM may have access to the Funds since it or a related person serves as the General Partner or Managing Member to the Funds. Generally, limited partners or members of the Funds will not receive statements from the custodian. Instead certain Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner or member. In these cases the audited financial statements will be prepared in accordance with generally accepted accounting principals and distributed within 180 days of the partnership's fiscal year end. Funds that don't deliver audited financial statements to its investors on an annual basis shall ensure that the investors, or an elected representative, receive custodial statements directly from the relevant custodians on at least a quarterly basis. Assets in such accounts are subject to a surprise verification on an annual basis by an independent accounting firm in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

Additionally, the Company can access many Client Account funds through its ability to debit advisory fees. For this reason the Company is considered to have custody of certain Client Account assets. The Client Account's custodians send statements directly to the account owners on at least a quarterly basis. Client Accounts should carefully review these statements, and should compare these statements to any account information provided by the Company.

DCM is also deemed to have custody of certain Client Accounts as a result of standing letters of authorization ("SLOA") in place from clients that allow DCM to direct the custodian to send client funds based on the SLOA. As a result of having custody, these accounts undergo surprise asset verification annually by an independent public accountant.

## **Investment Discretion**

DCM has been granted the authority by the Funds and a substantial majority of the Client Accounts to determine, without specific consent, the securities to be bought or sold, the amounts of those securities, and the third-party investment managers to hire to manage certain clients' assets. Any limitations which might be placed on DCM with respect to security or investment manager selection are detailed in the Investment Management Agreement for the Client Accounts or governing documents for the Funds, as applicable.

## **Voting Client Securities**

Notwithstanding DCM's discretionary authority to make investment decisions on behalf of certain Client Accounts, DCM will not exercise proxy voting authority over securities held in Client Accounts. The obligation to vote Client Account proxies shall at all times rest with the Client Account. Client Accounts shall in no way be precluded from contacting DCM for advice or information about a particular proxy vote. However, DCM shall not be deemed to have proxy voting authority solely as a result of providing such advice to a Client Account.

Client Accounts should receive proxy voting information directly from the third-party investment managers or their respective custodians. Should DCM inadvertently receive proxy information for a security held in a Client Account, then DCM will immediately forward such information on to the Client Account, but will not take any further action with respect to the voting of such proxy.

Upon termination of its Agreement with a Client Account, DCM shall make a good faith and reasonable attempt to forward proxy information inadvertently received by DCM on behalf of the Client Account to the forwarding address provided by the Client Account to DCM. Any information received by DCM which relates to the voting of Client Accounts' proxies shall be maintained by DCM for a period of five years from the date of receipt, the first two years in the offices of DCM.

DCM will be responsible for determining how to vote all proxies with respect to the Domestic Funds and Offshore Funds.

As a "fund-of-hedge funds" adviser, DCM is rarely, if ever, requested to vote the proxies of traditional operating companies. Rather, DCM from time to time is requested to vote on behalf of its clients in their capacities as investors in other investment funds. In cases where the Company is voting proxies, DCM is guided by general fiduciary principles. DCM's goal is to act prudently, solely in the best interest of the Domestic Funds, Offshore Funds and their investors. DCM attempts to consider all factors of its vote that could affect the role of the underlying investment fund in a Domestic Fund, Offshore Fund or the value of the underlying investment fund. DCM votes Domestic Fund and Offshore Fund proxies in the manner that it believes is consistent with efforts to achieve its stated objectives, including maximizing portfolio values.

If a material conflict of interest over proxy voting arises between DCM, Domestic Fund and an Offshore Fund, DCM will convene its Investment Committee in order to determine how to vote the proxy in question.

Client Accounts and Fund investors may obtain a copy of DCM's written proxy voting policies upon request or may obtain information on how DCM voted a proxy by contacting DCM's CCO.

DCM will not advise clients in any legal proceedings, including bankruptcies or "Class Actions", involving securities held or previously held by the client. If Class Action documents are received by DCM for a Client Account, DCM will attempt to gather any requisite information it has and forward to the Client Account, to enable the Client Account to file the Class Action at the Client Account's discretion. The decision of whether to participate in the recovery or opt-out may be a legal one that DCM will not make for the Client Account. However, upon a Client Account's request, DCM will assist the Client Account in the administrative activities related to the filing of Class Actions claims on a Client Account's behalf.

## **Financial Information**

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