

## **Form ADV Part 2A**

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Deep Basin Capital LP (“DBC”). If you have any questions about the contents of this Brochure, please contact Christian Hildenbrand, Chief Compliance Officer, at ops@deepbasincapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about DBC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with DBC who are registered, or are required to be registered, as investment adviser representatives of DBC.

Although DBC is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), such registration does not imply that DBC or its personnel have a certain level of skill or training.

## **Item 2 – Material Changes**

**If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.**

DBC filed its annual update to Part 2A of Form ADV in March 2018.

In May 2018 DBC filed an other-than-annual amendment to Part 2A of Form ADV reflecting DBC's change of Chief Compliance Officer.

The March 2019 update to Part 2A of Form ADV included no additional material updates.

This October 2019 update to Part 2A of Form ADV reflects a change in address.

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#### **Item 4 – Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

DBC, a Delaware limited partnership, is an investment adviser registered with the SEC. DBC has been in business since 2017, and is principally owned by Matthew J. Smith (the “Principal”). The Principal also serves as DBC’s Chief Executive Officer and Chief Investment Officer.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

DBC’s advisory business is generally focused on investing in publicly traded securities of companies in the energy and energy-exposed sectors.

DBC provides discretionary investment advisory services to several pooled investment vehicles (the “DBC Fund Clients”) for which its affiliate also serves as the general partner with respect to such entities organized as limited partnerships. DBC also provides discretionary investment advisory services to certain specified assets of a series of a registered investment company and a separately managed account and discretionary investment sub-advisory services to two pooled investment vehicles primarily advised by another SEC-registered investment adviser (collectively, the “Investment Vehicles” and, together with the DBC Fund Clients, the “Advisory Clients”).

The DBC Fund Clients are not registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended. Accordingly, interests in DBC Fund Clients are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in any Advisory Client is made by the descriptions in this Brochure.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

The advisory and sub-advisory services provided by DBC to its Advisory Clients are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in each Advisory Client’s offering memorandum and other governing documents, which include but are not limited to subscription agreements, side letters and/or investment sub-advisory, money manager or investment management agreements, as applicable (with respect to each Advisory Client, a “Management Agreement”).

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

DBC does not participate in “wrap fee arrangements,” whereby clients select DBC to manage funds through an investment program presented to the clients by a third-party program sponsor.

**E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.**

As of February 28, 2019, the amount of regulatory assets under management by DBC is \$1,509,295,000, all of which is managed by DBC on a discretionary basis.

## **Item 5 – Fees and Compensation**

### **A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

The private placement memorandum for each DBC Fund Client contains a detailed description of the fees applicable to an investment in such DBC Fund Client.

**It is critical that investors and prospective investors refer to the relevant DBC Fund Client's private placement memorandum for a complete understanding of how DBC is compensated for its advisory services.**

Except to the extent provided in a side letter with respect to certain investors in a DBC Fund Client, such fees are typically not negotiable.

The fees that are charged to the Investment Vehicles are determined on a case by case basis and are governed by the applicable Management Agreement.

### **B. Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.**

The DBC Fund Clients pay DBC an asset-based management fee monthly in advance. In addition, either DBC or its affiliate receives performance-based compensation from the DBC Fund Clients on an annual basis. In certain cases, management fees and performance compensation with respect to certain investors in the DBC Fund Clients are waived or modified in the sole discretion of DBC and/or its affiliates.

**It is critical that investors and prospective investors refer to the relevant DBC Fund Client's private placement memorandum for a complete understanding of how DBC is compensated for its advisory services.**

Fees (and the payment mechanics with respect thereto) applicable to the Investment Vehicles are negotiated separately and subject to the terms of the applicable Management Agreement.

### **C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.**

Each Advisory Client is responsible for its own expenses, which typically include operational expenses, brokerage and transaction costs related to the assets held by such Advisory Client (see Item 12 for additional information on brokerage practices), and may also include legal and accounting expenses, administration fees, and other fees and expenses as set forth in more detail in each Advisory Client's offering memorandum, other governing documents and/or the applicable Management Agreement.

### **D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Management fees are typically paid monthly in advance by investors in the DBC Fund Clients and are typically refundable, in part, if the relevant advisory contract is cancelled prior to the end of a payment period.

Fees (and the payment mechanics with respect thereto) applicable to the Investment Vehicles are negotiated separately and subject to the terms of the applicable Management Agreement.

**E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

- 1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.**
- 2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**
- 3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**
- 4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Neither DBC nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for Advisory Client accounts. DBC is compensated through the stated management fees and performance compensation agreed upon in the offering memoranda, other governing documents and/or the Management Agreement of the respective Advisory Client.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

**If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.**

As noted in Item 5.B above, DBC receives performance-based compensation in the form of an incentive fee from each DBC Fund Client. While each DBC Fund Client pays performance-based compensation, it should be noted that in certain cases, such performance-based compensation is not charged with respect to members, employees, and affiliates of DBC. DBC also receives a performance-based fee on the net profits of the Investment Vehicles, subject to the terms of the applicable Management Agreement. The possibility that DBC may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based compensation. DBC provides its Advisory Clients and the investors therein with clear disclosure as to how performance-based compensation is charged with respect to a particular Advisory Client and the risks associated with such performance-based compensation prior to making an investment. DBC recognizes that it is a fiduciary and as such must act in the best interests of all Advisory Clients and investors.



## **Item 7 – Types of Clients**

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

As noted above in Item 4, DBC provides discretionary investment advisory services (or, as applicable, sub-advisory services) to the DBC Fund Clients and other Investment Vehicles. Certain Investment Vehicles (or one or more of the underlying owners thereof) may also be investors in the DBC Fund Clients.

The minimum investment amount for investors in the DBC Fund Clients is generally at least \$1,000,000. The DBC Fund Clients are not registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended. Accordingly, interests in DBC Fund Clients are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in any Advisory Client is made by the descriptions in this Brochure.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.**

DBC uses a data-driven, fundamental investment process to generate company-specific investment insights. This process seeks to identify winners and losers within the sector and to construct a portfolio that isolates the company-specific factors that it wishes to express using a low net exposure portfolio. DBC seeks to generate alpha, as defined by residual return, using a broad market multi-factor model, by emphasizing idiosyncratic returns and risk in the portfolio and by minimizing exposure related to systematic, style, and industry factor risk, as well as commodity risk.

Advisory Clients and all investors therein should be aware that investing in securities involves risk of loss that investors should be prepared to bear.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

All securities investments risk the loss of capital. No guarantee or representation is made that an Advisory Client will achieve its investment objective or that investors will not lose all or substantially all of their investment in such Advisory Client. Investments in Advisory Clients are suitable only for investors of substantial financial means who can make a long-term investment, can bear the risk of loss of their entire investment in the applicable Advisory Client and have no need for liquidity of their investment.

An investment in any of DBC's Advisory Clients may decline in value. The nature of the Advisory Clients' investments involves certain risks, and the use of investment techniques (such as hedging and leverage) may carry additional risks. Some of the specific risks to which Advisory Client assets are susceptible are as follows:

### **General**

All securities investments risk the loss of capital. No guarantee or representation is made that an Advisory Client will achieve its investment objective or that investors will not lose all or substantially all of their investment in an Advisory Client. Each DBC Fund Client has (and one or more of the other Advisory Clients may have) a limited operating history, from which it is inherently difficult to evaluate likely future performance. The investment results of an Advisory Client are reliant upon the success of DBC, which also has a limited operating history, which likewise creates an inherent difficulty in evaluating its likely future performance.

### **Available Information**

DBC selects investments for Advisory Clients in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to DBC by such issuers, or through sources other than the issuers. Although DBC evaluates all such information and data and seeks independent corroboration when DBC considers it appropriate and when it is reasonably available, DBC is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

## Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of an Advisory Client and of the businesses that it may invest in. None of these conditions is within the control of DBC.

## Market Disruptions

An Advisory Client may incur substantial losses in the event of disrupted markets or other extraordinary events in which historical pricing relationships (on which DBC bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to an Advisory Client from its banks, dealers and other counterparties (as applicable) is typically reduced in disrupted markets. Such a reduction could require an Advisory Client to sell off into a declining market, which would result in substantial losses to an Advisory Client. Market disruptions may from time to time cause dramatic losses for an Advisory Client, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

## Competition

The securities industry generally, and the strategies and techniques to be engaged in by DBC in particular, are extremely competitive. Advisory Clients compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce an Advisory Client's opportunity for profit by reducing or amplifying the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.

## **Investment Risks**

### Nature of Investments

DBC has broad discretion in making investments for Advisory Clients and utilizes highly speculative investment techniques, including leverage, futures, options and derivative transactions. There can be no assurance that DBC will correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may detrimentally impact businesses in which Advisory Clients invest, affecting their access to capital and public market valuations. These factors and others may significantly affect the results of an Advisory Client's activities and the value of its investments. In addition, the value of an Advisory Client's portfolio may fluctuate in response to fluctuations in the general level of interest rates.

### Model Risk

Advisory Clients will be heavily reliant on the quantitative and qualitative valuation models developed by DBC and third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without DBC recognizing the change before significant losses are incurred.

DBC relies heavily on quantitative models (both proprietary models developed by DBC, and those supplied by third parties) and information and data supplied by third parties. Such models and data are used to construct sets of transactions and investments, to value investments or potential investments, to provide risk management insights, and to assist in hedging investments. When such models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose an Advisory Client to potential risks.

DBC's research and modeling process is extremely complex, involving financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although DBC seeks to hire individuals skilled in these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of any model increases the risk that a model may contain an error. One or more of such errors could adversely affect the returns of a particular strategy and may not constitute a trade error subject to reimbursement under DBC's policies.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

Risks of Investment in the Energy Industry

Advisory Clients will make investments in the energy industry and market, investing in companies involved in, or supporting, the production and distribution of energy and the related infrastructure. These companies are sensitive to fluctuations in fuel supply and demand, interest rates, special risks of constructing and operating facilities, lack of control over pricing, merger and acquisition activity and regulation. Such fluctuations may, among other things, increase compliance costs and other costs of doing business. Furthermore, the energy markets are often subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation and sudden changes in fuel prices. An Advisory Client may be affected to a greater extent by any of these developments than would be the case with a more diversified portfolio of investments.

Volatility of Oil and Natural Gas Prices; Recent Energy Price Trends

The performance of an Advisory Client's investments is substantially dependent upon prevailing prices of oil and natural gas. Although an Advisory Client will seek to hedge its portfolio against such risks, there can be no assurance that it will be successful. Historically, the markets for oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, speculation and a variety of additional factors that are beyond the control of DBC or an Advisory Client. These factors include the level of consumer product demand, the refining capacity of oil purchasers, weather conditions, domestic and foreign governmental regulations, the price and availability of alternative fuels, political conditions in the Middle East, actions of the Organization of Petroleum Exporting Countries, the foreign supply of oil and natural gas, the price of foreign imports and overall economic conditions.

Leverage

Advisory Clients make extensive use of borrowed funds and other forms of leverage for the purpose of making investments and to hedge exposure to market and credit risk. The use of leverage creates special risks and may significantly increase an Advisory Client's investment risk. Leverage creates an

opportunity for greater yield and total return but, at the same time, increases an Advisory Client's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of the interests of Advisory Clients to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the interests of Advisory Clients may decrease more rapidly than would otherwise be the case.

#### Concentration of Investments

Advisory Clients at certain times hold relatively few investments. An Advisory Client could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

#### Volatility

The market value of certain of an Advisory Client's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

#### Liquidity of Investments

In some circumstances investments may become relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, an Advisory Client's ability to respond to market movements may be impaired and an Advisory Client may experience adverse price movements upon liquidation of its investments.

In some cases, an Advisory Client will be prohibited by contract or regulatory restrictions from selling such securities for a period of time. To the extent that there is no liquid trading market for an investment, an Advisory Client will be unable to liquidate that investment or unable to do so at a profit.

#### Hedging Transactions

An Advisory Client will seek to reduce its exposure to the volatility of energy prices by actively hedging its portfolio. The success of an Advisory Client's hedging strategy is subject to DBC's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of an Advisory Client's hedging strategy is also subject to DBC's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While an Advisory Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for an Advisory Client than if it had not engaged in any such hedging transactions. For a variety of reasons, DBC may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent an Advisory Client from achieving the intended hedge or expose an Advisory Client to risk of loss. In addition, DBC may not hedge a risk inherent in an Advisory Client's portfolio because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

### Currency Exposure

Interests in the DBC Fund Clients are (and interests in one or more other Advisory Clients may be) issued and liquidated in U.S. Dollars. From time to time an Advisory Client's portfolio will have positions which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. DBC may elect not to hedge the foreign currency exposure of an Advisory Client, and as such, an Advisory Client would be subject to varying degrees of foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

### Non-U.S. Securities

From time to time Advisory Clients invest in securities and other instruments of non-U.S. corporations. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict an Advisory Client's investment opportunities. In addition, accounting and financial reporting standards that prevail in many non-U.S. countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in non-U.S. countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in many non-U.S. countries than there is in the United States.

### Short Selling

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### Options

From time to time Advisory Clients engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

### Derivatives

Derivative financial instruments include futures, options, interest rate swaps, forward currency contracts and credit derivatives such as credit default swaps. In addition, an Advisory Client may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that an Advisory Client may trade. Such derivative instruments are highly

volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects Advisory Clients to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of an Advisory Client's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

### Equity Investments

An Advisory Client's investment portfolio will include long and short positions in equity securities of U.S. and non-U.S. listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect an Advisory Client.

From time to time an Advisory Client (either alone or together with one or more other Advisory Clients) will acquire (i) more than 5% of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC or (ii) more than 10% of a class of securities of a single issuer which would impose certain limitations on an Advisory Client's ability to trade in such securities, including the restrictions of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The accumulation of such a significant position in the shares of a single issuer could lead to litigation or disputes in the event DBC desires to influence the issuer. DBC may also seek to challenge the management of a portfolio company through a proxy contest. Such litigation or a proxy contest may result in substantial expense to an Advisory Client. In addition, senior personnel of DBC may serve on the board of directors of one or more companies in which an Advisory Client invests. As a result, DBC will obtain access to material nonpublic information affecting the portfolio company, which may preclude an Advisory Client from selling its position (or acquiring additional shares) at a time when DBC otherwise believes it would be appropriate to do so. Moreover, an Advisory Client's ability to realize value from certain of its investments may depend upon the ability of DBC to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin off, sale of the business or change in management. If DBC is incorrect in its assessment of the impact such action will have on the value of a portfolio company, or if it is unsuccessful in persuading the portfolio company's management to take the desired action, an Advisory Client may sustain a loss on its investment in the portfolio company.

### Fixed Income Obligations

Fixed income obligations are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The bonds of some companies may be riskier than the stocks of others.

### Debt Securities

Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and are also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. The bonds of some companies may be riskier than the stocks of others.

### High-Yield Securities

From time to time Advisory Clients invest in "high yield" bonds and other debt securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Debt securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than debt securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated debt securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated debt securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

### Distressed Securities

From time to time Advisory Clients purchase or hold debt securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. In some circumstances, such debt securities may be converted to equity as part of the reorganization.



A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of DBC to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that DBC will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to the company in which an Advisory Client invests, such Advisory Client may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

#### Risk of Early Stage Companies

From time to time Advisory Clients invest in companies at an early stage of development, which involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, marketing and service capabilities, and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

#### Reliance on Corporate Management and Financial Reporting

DBC relies on the financial information made available by the issuers in which Advisory Clients invest. DBC typically does not independently verify the financial information disseminated by the numerous issuers in which Advisory Clients may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by an Advisory Client may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

### **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

DBC is obligated to disclose legal or disciplinary events that are material to a client's or prospective client's evaluation of DBC's advisory business or the integrity of its management. DBC does not have any such legal or disciplinary events to report.

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

**A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither DBC nor any of its management persons are registered, or have an application pending to register, as a broker/dealer or a registered representative of a broker-dealer.

**B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither DBC nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of DBC.

**C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.**

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Neither DBC nor any of its management persons have any relationship or arrangement that is material to its advisory business with the types of entities described above.

**D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

DBC does not recommend or select other investment advisers for any Advisory Client.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

**A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.**

DBC has adopted a code of ethics which describes DBC's fiduciary duties and responsibilities to Advisory Clients, requires that DBC's employees act in the best interests of the Advisory Clients, act in good faith and in an ethical manner, avoid conflicts of interest with the Advisory Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. DBC's employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to DBC or other appropriate party of any actual or suspected violations of such laws by DBC or its employees.

In addition, the code of ethics sets forth formal policies and procedures with respect to the personal securities trading activities of DBC's employees. Under DBC's code of ethics, employees must report personal securities transactions on at least a quarterly basis and provide DBC with a report of holdings over which the employees have a direct or indirect beneficial interest. The code of ethics also includes insider trading policies and procedures as well as policies and procedures addressing confidential information and conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions.

DBC will provide a complete copy of its code of ethics to any client or prospective client, as well as to any investor in or prospective investor in an Advisory Client, in each case, upon request. Such requests may be addressed to Christian Hildenbrand, Chief Compliance Officer, at ops@deepbasincapital.com.

**B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.**

DBC serves as the investment manager to its Advisory Clients, and a related person of DBC serves, directly or through a wholly owned subsidiary, as general partner of those DBC Fund Clients organized as limited partnerships. With respect to the DBC Fund Client that is organized as a foreign company, the Principal serves as a member of the board of directors of such company.

DBC from time to time recommends that certain of the DBC Fund Clients invest a portion of their investable assets in other DBC Fund Clients, typically in connection with a master-feeder fund structure. Such arrangements are described in the offering memoranda or other governing documents of the DBC Fund Clients. DBC and its related persons also recommend interests in the DBC Fund Clients to prospective investors.

DBC's principals, employees or other related persons from time to time purchase interests in one or more DBC Fund Clients and such investments generally are not subject to the management fees or performance-based fees described above in Item 5. The offering memorandum of the applicable DBC Fund Client provided to each potential investor discloses this fact.

The fact that DBC's related person, as general partner of the DBC Fund Clients, and DBC's principals, employees and other related persons have financial ownership interests in DBC Fund Clients creates a potential conflict in that it could cause DBC to make different investment decisions than it would if such parties did not have such financial ownership interests. DBC may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

DBC has adopted rules intended to detect and prevent conflicts of interest that arise when DBC's related persons own, buy or sell securities. Additional conflicts are present in connection with the receipt by DBC or an affiliate of management and performance-based fees. Except inasmuch as performance affects asset size and thus the amount of the management fee, management fees are payable without regard to the overall success or income earned by Advisory Clients and therefore may create an incentive on the part of DBC to raise or otherwise increase assets under management to a higher level than would be the case if DBC were receiving a lower or no management fee. Performance-based fees also create certain inherent conflicts of interest with respect to DBC's management of assets. Specifically, DBC's entitlement to a performance-based fee in managing one or more accounts may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

**C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

Neither DBC nor any related person invests in the same or related securities that DBC or a related person recommends to Advisory Clients. However, from time to time certain related persons invest directly or indirectly in a DBC Fund Client.

**D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Please see Items 11.A, 11.B and 11.C.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.**

**a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.**

**b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients’* interest in receiving most favorable execution.**

**c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.**

**d. Disclose whether you use soft dollar benefits to service all of your *clients’* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.**

**e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.**

**f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.**

DBC has authority for selecting the broker-dealer used in each transaction for Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. In choosing brokers and dealers, DBC is not required to consider any particular criteria. Certain Investment Vehicles may not have clearing, custodial or financing arrangements (e.g. securities lending agreements, margin financing, ISDA agreements) with all counterparties that have relationships with the DBC Fund Clients. While DBC attempts to negotiate similar arrangements on behalf of all Advisory Clients, there can be no assurance that such arrangements will be the same across all Advisory Clients. Accordingly, certain Advisory Clients may be subject to higher fees (e.g. clearing, custodial, and financing) than other Advisory Clients.

In selecting brokers or dealers to effect transactions for Advisory Clients, DBC seeks to obtain the best combination of pricing, expertise and ability to perform execution services, ability to execute transactions in liquid and illiquid markets at competitive prices without disrupting the market for a particular security, range of services provided and products offered (including research and brokerage services), quality and timeliness of market information provided, ability to maintain confidentiality, credit worthiness and financial responsibility. DBC need not solicit competitive bids for execution services and does not have an obligation to seek the lowest available commission cost.

From time to time Advisory Clients enter into bundled commission arrangements, pursuant to which an Advisory Client pays commissions in amounts greater than it might otherwise pay for execution-only

services to brokers or dealers who provide research and other services. The amount by which a bundled commission rate exceeds a broker's execution-only rate is considered soft dollars.

All brokerage and research services furnished by brokers through which Advisory Clients effect securities transactions are limited to services that fall within the safe harbor contained in Section 28(e) of the Exchange Act.

**2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

**a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients*' interest in receiving most favorable execution.**

**b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.**

In selecting broker-dealers and negotiating the fees to be paid to them, DBC takes into consideration the factors described in Item 12.A.1 above. DBC does not consider, in selecting or recommending broker-dealers, whether DBC or its related persons receive client referrals from a broker-dealer or third party.

### **3. Directed Brokerage.**

**a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.**

**b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.**

DBC does not have any directed brokerage arrangements.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.**

DBC generally allocates investment opportunities so that each security held by Advisory Clients is held on a *pari passu* basis although from time to time DBC allocates securities among Advisory Client accounts on a different basis depending on the strategy or strategies employed by the Advisory Clients. In such cases, DBC seeks to allocate such opportunity among its Advisory Clients in a manner that it deems to be fair and equitable under the circumstances existing at such time. DBC is not obligated to consider any specific factors in making such determination, but from time to time DBC considers, without limitation, the relative amounts of capital in each Advisory Client account available for new investments of the type at issue; DBC's perception of the appropriate risk/reward ratio for each Advisory Client

account; the intended trading strategy and applicable trading guidelines or restrictions of each Advisory Client account; the liquidity of each Advisory Client account at the time of investment and thereafter; the overall portfolio composition of each Advisory Client account; and applicable tax considerations. New issues (as defined by FINRA rule 5130) are allocated to Advisory Client accounts in accordance with the criteria set forth above.

When buying and selling securities for the Advisory Clients, DBC generally aggregates multiple transactions into one order so that as many eligible Advisory Clients may participate equally over time on a fair and equitable basis, in terms of best execution, efficiency and terms under circumstances. Aggregation opportunities generally arise when more than one Advisory Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among Advisory Client accounts on an average price basis. When an aggregated order is only partially filled, DBC allocates the investment opportunity as described above. From time to time, DBC also aggregates subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among Advisory Clients.



### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.**

DBC's senior investment professionals review Advisory Client portfolios on a regular basis. Senior investment professionals also review Advisory Client assets informally on a continual basis. An Advisory Client's portfolio is reviewed periodically by DBC to ensure that the portfolio meets the investment criteria set forth in the Advisory Client's offering memorandum, other governing documents and Management Agreements, and complies with DBC policy.

**B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.**

DBC does not utilize any specific criteria to trigger a review of an Advisory Client's investments other than regular periodic reviews.

**C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.**

DBC provides reports in accordance with each Advisory Client's applicable offering memorandum, other governing documents and Management Agreement.

DBC (or the administrator of a particular DBC Fund Client) generally provides each investor in a DBC Fund Client with a written (i) weekly estimate of net asset value, (ii) monthly estimate of net asset value, (iii) final monthly statement of net asset value, (iv) monthly risk report, (v) quarterly letter describing the DBC Fund Client's performance and (vi) annual report containing audited financial statements, as well as such other information as an investor may reasonably request to make any appropriate filings, if required, with relevant tax and regulatory authorities. Certain investors may be provided with information on a more frequent or detailed basis. In addition, DBC may provide certain investors or potential investors with additional information if requested. To the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a DBC Fund Client's regular reports to investors, such information may provide such investor with greater insight into the DBC Fund Client's activities and may enhance such investor's ability to make investment decisions with respect to the DBC Fund Client.

For the Investment Vehicles, DBC provides transaction and portfolio details on a daily basis to each such Investment Vehicle's administrator. DBC may provide additional information as requested in accordance with the applicable governing documents and Management Agreements of the Investment Vehicles. To the extent that the Investment Vehicles receive information that investors in the DBC Fund Clients do not, such information provides the Investment Vehicles with greater insight into DBC's activities, which may enhance the ability of an investor in such vehicle to make investment decisions with respect thereto.

#### **Item 14 – Client Referrals and other Compensation**

**A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

DBC does not receive any monetary compensation or any other economic benefit from a non-client for DBC's provision of investment advisory services to a client.

**B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.**

Neither DBC nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals.

### **Item 15 – Custody**

**If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.**

DBC and its related person serving as general partner to the DBC Fund Clients are deemed, under federal securities laws, to have custody of the DBC Fund Clients' assets. To ensure compliance with Rule 206(4)-2 under the U.S. Investment Advisers Act of 1940, as amended, all investors in the DBC Fund Clients will be provided with annual audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of each DBC Fund Client's fiscal year.

DBC does not have custody of the assets of the Investment Vehicles.

#### **Item 16 – Investment Discretion**

**If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

DBC provides investment management and supervisory services on a discretionary basis on behalf of its Advisory Clients. As described in Item 4.C, the advisory services provided by DBC are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the offering memoranda and other governing documents of each Advisory Client and/or the applicable Management Agreement.

Please see Item 4 for additional information regarding DBC's advisory services.

## **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.**

From time to time, an issuer of an equity security that is owned by an Advisory Client will conduct a proxy solicitation of its shareholders to vote on various matters. DBC has adopted policies and procedures for voting proxies received by Advisory Clients. As a general rule, the Management Agreements delegate the power to vote such proxies to DBC.

DBC's proxy voting procedures require that DBC vote proxies related to securities held by an Advisory Client in a manner in the best interest of such Advisory Client. As such, proxy votes generally will be cast in favor of proposals that maintain or strengthen the interests of shareholders and increase shareholder value. If the Chief Executive Officer (or his or her designee) determines that a material conflict may exist between an Advisory Client's interests and DBC's interest, the Chief Executive Officer (or his or her designee) is required to inform the Chief Compliance Officer of such material conflict and the Chief Compliance Officer then determines the appropriate course of action.

Information regarding how Advisory Clients' proxies have been voted in the past and a copy of DBC's proxy voting policies will be provided by DBC to its clients upon request. DBC's compliance team may be contacted at [ops@deepbasincapital.com](mailto:ops@deepbasincapital.com).

**B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.**

As a general rule, the Management Agreements delegate the power to vote such proxies to DBC.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**

**1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**

**2. Show parenthetically the market or fair value of securities included at cost.**

**3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.**

Not applicable.

**B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.**

DBC is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

DBC has never been the subject of a bankruptcy petition.