

## Part 2A of Form ADV: Firm Brochure

### Item 1 - Cover Page

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The date of this brochure is March 21, 2019.

**This brochure provides information about the qualifications and business practices of D.C. Capital Advisors, Limited. If you have any questions about the contents of this brochure, please contact us at (212) 446-9330. 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 D.C. Capital Advisors, Limited also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to D.C. Capital Advisors, Limited as a “registered investment adviser” or as being “registered” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

There have been no material changes to the Form ADV Part 2A of D.C. Capital Advisors, Limited since its most recent annual updating amendment dated March 26, 2018.

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**Item 4 - Advisory Business**

D.C. Capital Advisors, Limited (“we” or “us”) is a Delaware corporation that was incorporated on March 4, 1992. We are owned by Douglas L. Dethy (“Mr. Dethy”). Our affiliate, D.C.R. Partners, L.P. (“D.C.R. Partners”), is principally owned by Mr. Dethy and Tinicum D.C.R., L.P., a Delaware limited partnership. The description of our business and activities throughout this brochure includes the business and activities of D.C.R. Partners.

We provide discretionary investment advice to a private investment fund (the “Fund”). We primarily invest and trade on behalf of the Fund in publicly traded equity securities. D.C.R. Partners is the general partner of Fund.

We generally do not permit investors in the Fund to impose limitations on the investment activities described in the Fund’s offering documents.

We do not participate in wrap fee programs.

As of February 28, 2019, we managed \$161,815,661 on a discretionary basis. We do not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

Our fees and compensation are described in the advisory contracts we enter into with our clients. Investors in the Fund pay a quarterly management fee of 0.25% per quarter (approximately 1% per annum) and are subject to an annual performance-based allocation of up to 20% of net capital appreciation after a preferred return, and subject to a high watermark.

Management fees are generally paid quarterly in advance, and are not refundable if the advisory contract is cancelled or if an investor withdraws from the Fund prior to the end of a payment period. We generally deduct our management fees directly from the Fund’s account when the fees are payable. D.C.R. Partners receives performance-based allocations from the Fund on an annual basis in arrears and upon withdrawals by investors in the Fund.

The Fund generally bears investment expenses (*i.e.*, expenses related to the investment of assets, including brokerage commissions, margin interest and travel related to investments), premiums for general partner liability insurance (if any), legal expenses, accounting, auditing and tax preparation expenses, expenses incurred in connection with the offering and sale of the limited partnership interests, taxes and extraordinary expenses that we reasonably determine should not properly be considered administrative expenses of the Fund, which we bear. (See Item 12 “Brokerage Practices” below for additional information regarding brokerage commissions.)

We may also allocate a portion of the Fund’s capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, investors in the Fund will indirectly incur similar fees and expenses if we invest the Fund’s capital in such money market funds or exchange-traded funds, as these funds, in turn, pay similar fees to their investment managers and other service providers.

We also receive consulting fees from Tinicum Incorporated (“Tinicum”), an investment adviser that advises private equity funds and invests in public equities. (See Item 10 “Other Financial Industry Activities and Affiliations - Affiliated Management Companies.”)

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

D.C.R. Partners receives annual performance-based allocations from the Fund, which are based on a percentage of the capital appreciation of the Fund's assets. The performance-based allocations to D.C.R. Partners may create an incentive for us to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such performance-based allocations.

As the management fees and performance-based allocations are based directly on the net asset value of the Fund, we could have a conflict of interest in valuing the Fund's assets. We will follow our documented valuation policies in order to mitigate this risk.

**Item 7 - Types of Clients**

We provide investment advice to a single private fund, the Fund. Investors in the Fund are generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and "qualified clients" (as defined under the Investment Advisers Act of 1940, as amended (the "Advisers Act")). The minimum investment in the Fund is generally \$1,000,000, though we have the discretion to waive this minimum.

We also provide consulting services to Tinicum, an investment adviser that advises private equity funds and invests in public equities. (*See Item 10 "Other Financial Industry Activities and Affiliations - Affiliated Management Companies."*)

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***Methods of Analysis and Investment Strategies Generally*

The Fund endeavors to achieve superior long-term capital gains in the public markets by evaluating industries and companies that are either out-of-favor or misunderstood, determining key metrics for improved performance and investing in those companies that offer the most potential for capital gain. The Fund has an investment horizon of one to three years for core positions and has found that this time frame matches the time required for a successful transition. In addition, we believe that this time frame, in and of itself, creates a competitive advantage for us over those portfolio managers seeking to maximize short-term performance as we are able to look past short-term stock performance to the prospects of the underlying business. We may also engage in short-term investing to capitalize on dislocations of stock prices that we believe are temporary.

In conducting our analysis, we utilize various approaches including those grounded in microeconomics and industrial economics. We bring a broad and deep base of knowledge and experience to evaluate industries in transition. Our framework is based on firm dynamics (at the company level) and industrial economics (at the industry level) and is combined with a thorough knowledge of law, finance, and accounting.

We attempt to integrate balance sheets with the income statements of companies to develop insight into the strength and resiliency of their operations. We believe that the balance sheet is a powerful validator of the income statement. We also believe that the balance sheet serves an essential role as a company's shock absorber, which is especially important for a company undergoing significant change.

We may also allocate a portion of the Fund's investment portfolio to be managed by other managers or sub-advisers.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

*Certain Risks Associated with Methods of Analysis and Investment Strategies*

An investment in the Fund is speculative and involves a high degree of risk. The Fund has substantial limitations on investors' ability to withdraw or transfer their interests, and no secondary market for the Fund's interests exists or is expected to develop.

In managing the Fund, we take on significant risks, including running a concentrated portfolio and investing in securities of out-of-favor small- and mid-cap issuers. In addition, we may, from time to time, use leverage and trade in derivatives. As a result of the nature of our investment activities, it is possible that the financial performance of the Fund may fluctuate substantially from period to period. In addition, the performance of any investment is subject to numerous factors which are neither within our control nor predictable by us, including a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies. All of these risks, and other important risks, are described in detail in the Fund's confidential private offering memorandum. Prospective investors are strongly urged to review such document carefully and consult with their own financial, legal and tax advisors, before investing in the Fund.

**Item 9 - Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of our advisory business or our management.

**Item 10 - Other Financial Industry Activities and Affiliations**

D.C.R. Partners serves as the general partner of the Fund.

We also serve as a consultant to an investment adviser (that is under common control with Tinicum D.C.R., L.P.), Tinicum, which advises a number of private equity funds and invests in public securities. We receive a quarterly fee for such services. We do not believe that this arrangement presents a material conflict of interest since the compensation for such consulting services is structured as a fixed quarterly fee and not as performance-based compensation, and it is not subject to any specific time commitment. We believe that our relationship with Tinicum may help us develop and refine our investment ideas and we believe that this can therefore complement our advisory activities for the Fund by providing us with a private equity-based perspective. However, due to our relationship with Tinicum, we are generally subject to compliance with Tinicum's restricted securities list. As a result, on occasion, we may be restricted in our ability to transact in public companies on such list, including not being able to sell securities of a company in which we already have an existing position. This may result in us missing an investment opportunity or having to hold on to a position longer than we otherwise would have intended, and possibly recognizing less or no gains (or greater losses) when we ultimately sell the securities.

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

We have adopted a Code of Ethics which has been adopted to help ensure that we and our employees conduct business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our clients, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics (i) governs all personal investment transactions by our employees, (ii) sets forth our policies with respect to gifts and entertainment, (iii) sets forth the manner in which violations are to be reported, and (iv) contains our policies regarding outside activities of our employees. We will provide a copy of our Code of Ethics to the Fund or any prospective client upon request.

*Participation or Interest in Client Transactions and Transactions between Client Accounts*

Mr. Dethy has significant personal investments in the Fund. In addition, our affiliate, D.C.R. Partners, receives performance-based allocations from the Fund.

Since we only manage a single account, we do not effect any cross trades or similar transactions between client accounts. Further, we will not purchase a security from, or sell a security to, a client unless we receive prior consent from such client and the transaction complies with applicable law.

*Personal Securities Trading by D.C. Capital Personnel and Timing of Transactions for Client Accounts*

Under the Code of Ethics, our personnel may, upon receiving the prior written approval of our Chief Compliance Officer, trade in securities. We maintain a Restricted List that includes companies about which a determination has been made that it is prudent to restrict trading activity. As a general rule, employees are restricted from trading securities of companies on such list.

We and our related persons may, through other investments, including investments in other investment funds, have interests in the same securities in which the Fund invests as well as interests in investments in which the Fund does not invest.

The pre-clearance of our personnel's personal securities trading is intended to mitigate conflicts that may arise from such personnel's personal securities trading. In general, our personnel will not be permitted to (i) trade opposite our recommendations for the Fund (except in limited extraordinary circumstances), (ii) engage in "front running" of the Fund (*i.e.*, trade ahead of the Fund), or (iii) trade in a security that is purchased or sold by the Fund on the same day.

**Item 12 - Brokerage Practices**Selection of Brokers

In placing portfolio transactions for the Fund, we seek to obtain the best execution for the Fund, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can exceed the suggestions, because total brokerage is allocated on the basis of the considerations described above.

We pay our prime broker an annual fee (paid on a quarterly basis) based on assets under management for the provision of prime brokerage services. We believe that the fees paid to our prime broker are reasonable in light of the prime brokerage services we receive.

We periodically evaluate the execution performance of the broker-dealers we use to execute client transactions. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

Research and Other Soft Dollar Benefits

We do not have any formal soft dollar arrangements with brokers. However, we execute securities transactions on behalf of the Fund with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports) and invitations to attend conferences. To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. We believe that the receipt of such bundled services complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Our prime broker provides us with front and back office services, including trading, if requested, fully collateralized securities lending for which we receive a fee, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, among others.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to them. We directed transactions to such brokers only consistent with best execution.

Trade Error Policy

Subject to applicable law, we will not be liable for any trade errors that result from any action or inaction which we reasonably believed to be in the best interests of the Fund, even if such trade errors result from our negligence, dishonesty or bad faith. Without limiting the foregoing, to the

extent that we are legally liable for any trade errors, we will reimburse the Fund only for the net losses resulting from such trade errors. We will reimburse the Fund for net losses resulting from trade errors to the extent that we are required to do so under the Fund's governing documents.

#### Aggregation of Orders

We do not aggregate any client trades since we only manage the Fund.

#### **Item 13 - Review of Accounts**

On a regular basis, the Fund's portfolio is reviewed, and its performance is analyzed, by our investment professionals, including, but not limited to, Mr. Dethy. The Fund's investments are evaluated based on performance, company fundamentals, news and press releases, analyst reports, general market conditions and such other considerations as we deem appropriate.

We furnish investors in the Fund with periodic written unaudited performance reports on a quarterly basis. On an annual basis, investors receive a copy of the Fund's annual audited financial statements and a statement of taxable income (Schedule K-1).

We may provide certain investors access to more frequent and/or more detailed information regarding the Fund's securities positions, performance, finances, and management and/or other information about the Funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against the Fund, us and/or our personnel, or of withdrawals from the Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Fund.

We may also provide certain information to investors or prospective investors in response to questions and requests, and/or in connection with due diligence meetings or other communications. Such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

#### **Item 14 - Client Referrals and Other Compensation**

We do not direct brokerage business to brokers who refer prospective clients or investors to us, since we do not receive or solicit client investor referrals from such brokers.

We do not compensate any third-party marketers for introductions to potential investors or clients.

#### **Item 15 - Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), we are deemed to have custody over the Fund's assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Fund or its investors because (i) the Fund is audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Fund's audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) we deliver such annual audited financial statements to investors within 120 days after the end of the Fund's fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage securities of the Fund. The investors in the Fund may not place any limits on our authority beyond the limitations set forth in the Fund's offering and governing documents.

**Item 17 - Voting Client Securities**

We generally have voting discretion over securities held in the Fund's account. We will exercise our discretion in the best interests of the Fund. In fulfilling our obligations, we will act in a prudent and diligent manner intended to enhance the economic value of the securities held by the Fund. We have adopted proxy voting policies and procedures, which are summarized below.

Our "Proxy Coordinator" is responsible for determining how to vote all proxy statements received by us with respect to securities held in the Fund. The Proxy Coordinator may designate other appropriate employees to assist her in reviewing proxy statements and preparing necessary records. The Proxy Coordinator may also retain a third party to assist her in coordinating and delivering proxies.

In the absence of conflicts of interest, we will vote all proxies in the manner that the Proxy Coordinator determines is in the best interests of the Fund. In addition, the Proxy Coordinator may determine to abstain from voting a proxy if she believes that such action is in the best interests of the Fund. The Proxy Coordinator may take into account the following factors, among others, in determining if a specific proposal is in the best interests of the Fund: (i) management of the issuer's views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns; and (iii) whether she believes that the proposal will fairly compensate management for its and/or the issuer's performance.

If the Proxy Coordinator deems that the issue being voted upon is not material for the Fund, we will not be obligated to vote on such matter.

Each employee must notify our Chief Compliance Officer of any potential conflicts of interest of which he or she is aware, and our Chief Compliance Officer will make a determination as to whether a material conflict exists. If our Chief Compliance Officer believes that a material conflict exists between us and the Fund, we will rely exclusively in making our voting decision on the recommendation of an independent third party that is experienced in advising investment managers regarding proxy voting decisions.

The Fund may obtain information about how we voted securities in the Fund's account by contacting us at the address set forth on the cover page of this brochure. The Fund may also request a copy of our proxy voting policies and procedures.

**Item 18 - Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore we are not required to include a balance sheet for our most recent fiscal year.

**Item 19 - Requirements for State-Registered Advisers**

We are not a state-registered adviser.