



## **DELTROIT ASSET MANAGEMENT (UK) LLP**

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### **PART 2A OF FORM ADV: FIRM BROCHURE**

**DECEMBER 2024**

**Deltroit Asset Management (UK) LLP**

**1<sup>st</sup> Floor, 50 Pall Mall, London, SW1Y 5JH**

**United Kingdom**

This Brochure provides information about the qualifications and business practices of Deltroit Asset Management (UK) LLP.

If you have any questions about the contents of this Brochure, please contact us at +44 (0) 204 570 5600 or email at [compliance@deltroit.com](mailto:compliance@deltroit.com). You may also visit our website at <https://deltroit.com/>.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Deltroit Asset Management (UK) LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on the Financial Conduct Authority's website at <http://www.fca.org.uk/>.

Registration of an Investment Adviser does not imply that Deltroit Asset Management (UK) LLP or any of its principals or employees possesses a particular level of skill or training in investment advisory business or any other business.

## **Item 2: Material Changes**

Please note this is the first Form ADV Part 2A published by Detroit Asset Management (UK) LLP therefore there are no material changes to disclose.

This Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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#### Item 4: Advisory Business

Deltroit Asset Management (UK) LLP (“DAM UK”, “Deltroit” or the “Firm”) is an independent investment manager which has been in business since 23 August 2023. The Firm was founded by Lord Michael Hintze, who is also the Firm’s ultimate beneficial owner. Lord Hintze’s ownership is held via Deltroit Asset Management Limited. DAM UK has one subsidiary, the US domiciled Investment Manager Deltroit Asset Management (US) LLC (DAM US).

DAM UK is currently applying for authorisation with the Financial Conduct Authority (FCA) in the United Kingdom to become the Alternative Fund Investment Manager (AIFM) to the following unregulated alternative investment funds (AIFs):

- Deltroit Directional Opportunities Master Fund Limited (the Master Fund) – Cayman domiciled and regulated as a mutual fund by the Cayman Islands Monetary Authority (CIMA).
- Deltroit Directional Opportunities Feeder Fund, LP (the Partnership) – Delaware domiciled fund formed for the purpose of investing, through the Master Fund, primarily in a global portfolio using fundamental and/or quantitative analysis, employing one or a range of investment styles.
- Deltroit Directional Opportunities Feeder Fund Limited (the Feeder Fund) - Cayman domiciled Feeder Fund which forms a part of the “master-feeder” structure and is required to invest substantially all its assets in the Master Fund. The Feeder Fund is regulated as a mutual fund by CIMA.

The Firm is also applying to act as the Portfolio Manager in relation to segregated managed accounts (SMAs) which will have broadly the same investment strategy as the AIFs managed by the Firm subject to any restrictions imposed by clients. Where relevant, Deltroit Funds and SMAs are collectively referred to as “Accounts” throughout this Brochure.

At present, DAM UK’s discretionary investment management activities are conducted by way of secondment arrangements between its relevant staff and Mirabella Financial Services LLP (Mirabella), which is authorised and regulated by the FCA. This arrangement will end once DAM UK obtains its own FCA authorisation and is registered with the SEC as an investment adviser.

The Firm’s overarching investment objective / strategy is to achieve attractive risk-adjusted returns over the medium to long term by sourcing, constructing and trading a global portfolio using fundamental and/or quantitative analysis, employing one or a range of investment styles including, but not limited to, directional, relative value and arbitrage and applying a variety of such techniques across one or a range of asset classes including, but not limited to, equities, credit, convertible bonds, foreign exchange, interest rates, commodities and volatility.

As of December 16<sup>th</sup>, 2024, the Firm does not have any discretionary or non-discretionary regulatory assets under management.

### **Item 5: Fees and Compensation**

DAM UK's remuneration will be based upon a combination of management fees of 2-3% depending on the share class of the Fund and a performance fee of 20% above a high-water mark. Fees will be deducted from client assets monthly. Our clients may incur other fees or expenses such as brokerage fees (see Item 12 of this Brochure for further information), transaction costs, fund expenses and custodian fees.

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

As detailed in Item 5, performance fees will be chargeable.

## **Item 7: Types of Clients**

The Firm will manage funds and segregated managed accounts. The target client/ investor base consists of institutional investors. Investors in the Deltroit Funds generally include institutions (e.g., pension plans, endowments, charitable organizations, foundations, sovereign wealth funds and similar), funds-of-funds, and high net worth individuals and family offices (including trusts related to the same). Any minimum initial and additional subscription requirements are disclosed in the offering documents for the relevant Deltroit Fund. Investors will be required to make certain representations when subscribing to a Deltroit Fund through the execution of a subscription agreement and other documents. Interests and shares in the Deltroit Funds are not registered under the Securities Act (or any similar law), and such Deltroit Funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests and shares in the Deltroit Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or offshore.

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

### Methods of Analysis

The Firm seeks to achieve its investment objective by sourcing, constructing and trading a global portfolio using fundamental and/or quantitative analysis, employing one or a range of investment styles including, but not limited to, directional, relative value and arbitrage and applying a variety of such techniques across one or a range of asset classes including, but not limited to, equity, credit, convertible, foreign exchange, interest rate, commodity and volatility.

### Investment Strategies

The overarching investment objective is to achieve attractive risk-adjusted returns over the medium to long term, through the following strategies:

- **Equity:** Strategies comprising long and/or short positions in stocks, indices and/or related derivatives.
- **Corporate Credit:** Strategies comprising long and/or short positions referencing investment grade, sub-investment grade and/or non-rated corporate issuers. Such portfolios may be constructed using debt, related instruments and/or credit derivatives. Such instruments may be, or reference as applicable, secured, unsecured, senior and/or subordinated.
- **Distressed Credit:** Long-biased strategies of debt (or related derivatives) which are expected to be impacted by potential and/or existing reorganisation, restructuring and/or insolvency of the issuer.
- **Structured Credit:** Investments in securities and/or credit derivatives referencing pools of corporate credits. Such investments may result in the portfolio being long and/or short credit, credit correlation, credit volatility and/or recovery risk and may have embedded structural leverage.
- **Asset-Backed Securities:** Long-biased strategies of debt (and related derivatives) issued by securitisation vehicles collateralised by a range of assets including, but not limited to, residential and/or commercial mortgages, credit card receivables and loans. Such investments may be made at any level of the capital structure.
- **Convertible:** Directional investments in convertibles and/or portfolios of convertibles with hedges including, but not limited to, equity, credit and interest rate hedges ("convertible arbitrage").
- **Currencies, Interest Rates, Commodities and Equity Indices:** Investments in instruments and/or related derivatives expected to be impacted by potential and/or existing economic trends.
- **Volatility:** Strategies of derivatives exhibiting optionality resulting in long and/or short positions in implied volatility.

### Risk of Loss Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of the products referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in making an investment. Prospective investors are urged to consult their professional advisers and the Investment Memorandum for any relevant fund (or equivalent) before deciding to invest. DAM UK investors should be prepared to bear loss.

### CERTAIN MATERIAL RISKS RELATING TO DELTROI'S INVESTMENT STRATEGIES

STRATEGIES RELY ON THE SUBJECTIVE DETERMINATIONS OF DELTROI. Although Deltroit uses quantitative valuation models in evaluating the economic components of its trades and valuations for its security positions, Deltroit's strategies, with the exception of its systematic strategies, are by no means wholly systematic; the market judgment and discretion of Deltroit's personnel are fundamental to the implementation of these strategies. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes.

QUANTITATIVE STRATEGIES GENERALLY. The success of an Account's quantitative investment strategy is heavily dependent on the mathematical models used by Deltroit in attempting to exploit short-term and long-term relationships among prices, volatility, and other factors. Deltroit may select models that are not well-suited to prevailing market conditions. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual events specific to particular issuers, or major events external to the operations of markets, cause extreme market moves that are



inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. Furthermore, the effectiveness of such models tends to deteriorate over time as more traders seek to exploit the same market inefficiencies through the use of similar models.

**FUNDAMENTAL ANALYSIS.** Certain trading decisions made by Deltroit may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to an Account's trading strategies, an Account may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that Deltroit misinterprets the meaning of certain data, an Account may incur losses.

**INVESTMENTS MAY NOT BE ADEQUATELY HEDGED.** Although certain investments are intended, in part, to hedge other holdings, there is no guarantee that they will do so to the degree predicted by theory or otherwise to a satisfactory extent. In calculating the overall exposure to the investments, Deltroit must make certain determinations, including its prediction of the future volatility of the investments. If Deltroit was unable to forecast accurately any one or more of the components used to determine how best to hedge its investments, Deltroit could, in practice, find itself over- or under-hedged, which could materially and adversely affect the performance of the investments. Deltroit is not required to hedge an Account's positions and there can be no assurance that hedging transactions will be available.

**LEVERAGE RISK.** Deltroit Funds employ leverage in the execution of their investment strategies, both through borrowings with Prime Brokers and through the effective leverage embedded in investments in derivative instruments, such as options, futures and swaps. Transactions in options, futures and swaps are inherently and at times substantially leveraged. This is because a relatively small dollar amount enables a Deltroit Fund to achieve a considerably larger exposure to the instrument underlying the options and futures. While the Deltroit Funds generally may hold a substantial amount of cash, thereby reducing the effective leverage of such Deltroit Fund, a Deltroit Fund will not be required to hold any specific amount of cash, and the effective leverage may be substantial. The use of leverage increases any losses incurred on investments in direct proportion to the degree of leverage employed. Deltroit Funds may trade based upon assumptions regarding the availability of leverage under current margin rules and arrangements. If controlling authorities increase margin requirements or a Deltroit Fund is no longer entitled to exemptions from the general margin rules, such Deltroit Fund may not be able to pursue its objectives and may be required to liquidate positions at inopportune times or at unfavorable prices.

**SHORT-SELLING INVOLVES MARKET AND REGULATORY RISKS.** An Account may engage in short-selling as part of its investment program; however, short-selling, and especially short-selling on margin, is a risky strategy. If such Account were to sell an instrument short, it would be selling an instrument it did not own. To make delivery of those instruments sold, such Account would have to borrow those instruments. The gain or loss realized would be the difference between the price at which those instruments were sold and the price at which those instruments were subsequently re-purchased. If the market price of the instrument were to increase, the Account could be forced to cover the short position at a higher price. Since there is theoretically no limit on the price of an instrument, an unhedged short sale theoretically involves unlimited risk. Furthermore, an Account could be prematurely forced out of a position if the lender from which such Account borrowed the instrument to effect the short sale were to recall such instrument at a time when such instrument could not be borrowed from other sources. The U.S. government and certain foreign jurisdictions have at times taken measures to impose restrictions on the ability of investors to enter into short sales, including a complete prohibition on taking short positions in respect of certain issuers. Such restrictions may negatively affect the ability of an Account to implement its strategies. It cannot be determined how future regulations may limit an Account's ability to engage in short-selling and how such limitations may impact its performance.

**PORTFOLIO TURNOVER RATE MAY RESULT IN ADDITIONAL COSTS.** The turnover rate of an Account's investment portfolio is expected to be significant, involving substantial brokerage commissions, fees and other transaction costs. The Accounts will bear such costs.

**INVESTMENT SOFTWARE AND SYSTEMS ARE SUBJECT TO RISKS OF SYSTEMATIC ERRORS.** Deltroit's investment strategies and processes are highly complex and rely heavily on a combination of third-party and proprietary software, models, analytics and other systems (including the Deltroit Trading Platform). Errors have arisen, and may in the future arise, during the

conception, design, writing, testing, coding, maintaining, monitoring and deployment of any such systems ("Systematic Errors"). Due to the complex nature of these tools, Systematic Errors can be difficult to detect and can remain undetected for a significant period of time. Even if a Systematic Error is discovered, there is no assurance that it will be resolved or that such resolution will occur promptly. In particular, Deltroit will have limited, if any, control over Systematic Errors in third-party software and systems. The risk of loss from such undetected or unresolved Systematic Errors is compounded by the high portfolio turnover and frequency of trading. Systematic Errors may cause Deltroit to execute unanticipated trades or to fail to make anticipated trades, to allocate trades improperly among Accounts or among pods, to take certain risk-increasing actions or fail to take certain hedging or risk-reducing actions, all of which can adversely affect investments and returns of Accounts. Systematic Errors will not be treated as a trading error subject to reimbursement under Deltroit's Trade Error Policy. Deltroit generally will not notify investors of Systematic Errors.

**DELTOIT'S SUCCESS DEPENDS ON CERTAIN SOFTWARE AND TECHNOLOGY LICENSING.** Deltroit and the Accounts rely upon licenses of certain vital trading technologies, software and systems necessary for a material portion of the Deltroit investment operations. Deltroit and the Accounts may enter into software or technology licenses and service agreements with third parties. If any of the licensed technology, systems, analytical tools, data or software should, for any reason, become unavailable or fail to operate properly, Deltroit's ability to invest or manage an Account may be substantially impaired, which likely would result in significant losses.

**CYBERSECURITY RISK.** As part of its business, Deltroit processes, stores and transmits large amounts of electronic information, including information relating to the transactions of Accounts and personally identifiable information of investors. Similarly, service providers of Deltroit and the Accounts, especially the Deltroit Fund administrators, may process, store and transmit such information. Deltroit has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. The loss or improper access, use or disclosure of Deltroit's or an Account's proprietary information may cause Deltroit or the Account to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the investments of an Account.

**MATERIAL RISKS RELATING TO CERTAIN INVESTMENT INSTRUMENTS INVESTMENTS IN EQUITY SECURITIES MAY BE HIGHLY SPECULATIVE.** Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Dividends customarily paid to equity holders can be suspended or cancelled at any time. Equity prices are directly affected by issuer specific events, as well as general market conditions, and may be subject to wide and sudden fluctuations in market value. In addition, in many countries, investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

**FUTURES MAY HAVE HIGHLY VOLATILE PRICES AND WILL INVOLVE LEVERAGE.** Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to investors. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

**OTC DERIVATIVES TRANSACTIONS.** To the extent not mitigated by implementation of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") if at all, the risks posed by OTC derivatives transactions, which can be extremely complex and may involve leveraging of an Account's assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the global financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks, such as exposure to a particular industry or exposure linked to a particular entity); and (ix)

settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

**CREDIT DEFAULT SWAPS.** Accounts may invest in credit default swaps and other credit derivatives. These transactions generally provide for the transfer from one counterparty to another of certain credit risks inherent in the ownership of a financial asset, such as a bank loan or a high-yield debt security. Such risks include, among other things, the risk of default and insolvency of the obligor of such asset and the risk that the credit of the obligor or the underlying collateral will decline or that credit spreads for like assets will change (thus affecting the market value of the financial asset). The transfer of credit risk pursuant to a credit derivative may be complete or partial and may be for the life of the related asset or for a short period.

**OPTIONS TRADING INVOLVES CERTAIN INHERENT RISKS.** Trading volatility is one of the most complex of all financial strategies and requires significant quantitative and mathematical resources and capabilities. The pricing of options involves a wide variety of factors—including the variability of interest rates, the time to expiration, the price of the underlying asset, the volatility of the underlying asset and the general market sentiment. Not only will different traders differ among themselves concerning the correct theoretical value for a given option, but also actual and theoretical values may diverge for extended periods of time. There can be no assurance that Deltroit will correctly value an Account's options positions or that the market will, in fact, regress to theoretical values; consequently, substantial losses could be incurred by an Account. Options are often quoted in terms of implied volatility. This generally means the annualized percentage change in the underlying, for a one standard deviation move. Even if individual equities are more volatile than expected, an Account could suffer losses from increased diversification in the index, resulting in less than expected movement in the index. While volatility can create profit opportunities for an Account, it can also result in such Account incurring significant losses. At any given time, different market participants will have different views on the level of market volatility; if Deltroit incorrectly establishes market volatility, Deltroit will misprice the options which it trades which may result in an Account incurring significant losses.

**CERTAIN ASSETS WILL BE ILLIQUID.** Certain Accounts may invest and trade, from time to time, in illiquid and restricted, as well as thinly traded, instruments and investment products, including privately placed securities and instruments. An Account may also make investments that otherwise become illiquid or restricted after the date of investment. A portion of certain Account assets may be classified as Level III assets. There may be no trading market for illiquid instruments, and such Account might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, an Account may be required to hold such instruments despite adverse price movements. In addition, if an Account makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. Under stressed market conditions, even higher-rated securities may become illiquid, and the yields and prices of such securities may become as volatile as certain much lower-rated securities. Deltroit may, under certain circumstances, value the illiquid securities and instruments in an Account's portfolio in its good faith discretion; however, there can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the securities or instruments.

**COUNTERPARTY RISKS.** A Deltroit Fund is expected to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Deltroit Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Deltroit Fund will be able to establish or maintain such relationships. A disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Deltroit Fund's business due to the Deltroit Fund's reliance on such counterparties. The Deltroit Fund may at certain times have a material portion of its assets exposed to the credit risk of a particular custodian, futures clearer, broker, clearinghouse, exchange or counterparty. Such a concentration could magnify the risks to the Deltroit Fund of a failure of one or more of such custodians, futures clearers, brokers, clearinghouses, exchanges or counterparties.

**TRANSACTION VOLUME AND MARKET LIQUIDITY MAY IMPAIR PERFORMANCE.** A decline in cash flows into the capital markets or a slowdown in investment activity in the capital markets, as well as other factors, may cause a decline in transaction volumes. An illiquid secondary market could be caused by a number of factors, including a thin trading market in the particular instrument, severe market unrest and trading suspensions. This may result in an Account incurring significant losses.

**EXPOSURE TO GLOBAL MARKET RISKS, INCLUDING EMERGING MARKET AND FRONTIER MARKET RISKS.** The Deltroit Funds will invest primarily in United States markets, European and Asian markets, but may invest on a more global basis in both developed and, from time to time, emerging and frontier markets. In doing so, a Deltroit Fund is subject to (i) currency exchange-rate risk; (ii) the possible imposition of withholding, income or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and little or potentially biased government supervision and regulation; and (iv) economic and political risks, including expropriation, currency exchange control and potential restrictions on foreign investment and repatriation of capital. Investments in emerging markets present unusual risks, including government instability, political risk, lack of or less than transparent priority, the imposition of currency controls, expropriation risk and the application of various laws and regulations. Volatility-related strategies, and credit related strategies more specifically, in emerging markets are subject to unusual risks due to the uncertainty of such countries' legal regimes and procedures, as well as the risk of other market participants having better access to relevant market information. Compared to investments in emerging markets, investments in frontier markets present heightened volatility, political, regulatory, legal, economic and other investment uncertainties, including greater risks of inflation, illiquidity, nationalization, trade barriers and reliance on international aid or particular exports or commodities.

**GLOBAL NATURAL DISASTERS, OUTBREAKS, GEOPOLITICAL EVENTS, TERRORIST ATTACKS AND WAR.** Countries and regions in which an Account invests, where Deltroit has offices or where a Deltroit Fund, SMA or Deltroit otherwise does business are susceptible to natural disasters (e.g., fire, flood, earthquake, storm and hurricane) and epidemics, pandemics or other outbreaks of serious infectious diseases. The occurrence of a natural disaster or outbreaks of infectious diseases could, directly or indirectly, adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster or the outbreak) and could adversely affect an Account's investment program or Deltroit's ability to do business. In addition, terrorist attacks, or the fear of or the precautions taken in anticipation of such attacks, could, directly or indirectly, materially and adversely affect certain industries in which an Account invests or could affect the countries and regions in which such Account invests, where Deltroit has offices or where the Account or Deltroit otherwise does business. Other acts of war (e.g., war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared) and related geopolitical events, including global sanctions regimes, could also have a material adverse impact on the financial condition of industries or countries in which an Account invests, or the currency in which investments or assets are denominated.

**REGULATORY RISK.** The legal, tax and regulatory environment worldwide for private investment funds (such as Deltroit Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of a Deltroit Fund to pursue its investment program and the value of investments held by the Deltroit fund.

**DEPENDENCE ON KEY INDIVIDUALS.** The success of the strategy depends upon the ability of key members of DAM UK's investment team to develop and implement investment strategies that achieve the investment objective. While DAM UK's manages key member exposure, if the Firm were to lose the services of these members, the consequence to the client portfolios could have material adverse effects and could lead to the premature termination of the portfolios.

**CURRENCY EXPOSURE.** If the portfolio assets are invested in securities that are denominated in a currency other than the base currency, changes in the applicable exchange rate may result over time from the interaction of many factors directly or indirectly affected by economic and political conditions. Changes in currency values may affect both the U.S. dollar value of the instruments in which a client invests and the prospects of the issuers of those instruments. National governments may not allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention in the currency markets by a country's central bank, or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. Currency exchange rate fluctuations, currency devaluations and exchange control regulations may adversely affect the performance of a portfolio and the return realized on an investment. The costs of currency hedging may not offset any advantages gained by engaging in hedging transactions. We do not intend to engage in currency speculation on behalf of our clients.

**OPERATIONAL RISK.** Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing, and settlement and accounting systems. DAM UK maintains controls that include systems and procedures to record and reconcile transactions and positions, and to obtain necessary documentation for trading activities. However, DAM UK's systems may not always be effectively designed or administered to control those risks, and losses may result from such failures.

### **Item 9: Disciplinary Information**

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

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

Except as described in this Brochure, neither DAM UK nor any of its management persons has a relationship or an arrangement that is material to its advisory business or to its advisory clients with any related person that is a pooled investment vehicle, investment adviser, commodity pool operator, or commodity trading adviser. In addition, DAM UK does not recommend or select other investment advisers for its clients.

DAM UK is applying to the FCA in the UK to become authorised and regulated as an Investment Manager. Once the authorisation is granted, the Firm will be permitted to provide discretionary management and advisory services to professional clients. The Firm is not applying for permission to deal with retail clients.

DAM UK is intending to register as Commodity Pool Operators (“CPOs”) with the Commodity Futures Trading Commission (“CFTC”) and DAM US is intending to register as a Commodity Trading Advisor (“CTA”) and intend to become members of the National Futures Association (“NFA”) in such capacity.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff. This list is updated when necessary and completeness is confirmed on an annual basis.

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

The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Firm's Code of Ethics was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and principals' trading activity. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval may be required before a trade can be executed where a conflict exists.
- Initial and quarterly self-certification and holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals.

No securities are bought or sold for clients in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the accounts managed are actively trading in such securities.

## Item 12: Brokerage Practices

### General arrangements

The rules to which the Firm is subject in the UK forbids it from paying commission to receive services. In particular, should the Firm wish to receive research services, subject to certain exceptions, these must be either paid for by the Firm out of its own resources or, by way of a Research Payment Account ("RPA") which is funded by way of a specific research charge to its clients.

The Firm's investment approach is to use qualitative techniques when deciding upon securities to be traded for the accounts it manages.

The Firm maintains a list of brokers with whom it may deal with. This list is reviewed at least on a six-monthly basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

### Accounts

Qualitative analysis is all performed by the Firm and, as such, no payments are made to brokers for research.

Brokerage costs are not typically paid by the Firm. Brokers build in a spread in respect of execution services provided only. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing ensuring that pricing across clients is as equitable as possible.



### **Item 13: Review of Accounts**

Each fund that DAM UK manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by Deltroit, taking into account the characteristics of the strategy deployed and Deltroit's investment process. Generally, the review process can be summarised as follows:

The portfolios are reviewed during weekly strategy meetings and on a quarterly basis by the Investment Committee, with the portfolios also reviewed on a quarterly basis by the Firm's Risk Committee.

In addition, all portfolios are reviewed on an informal daily basis during the daily morning trading calls and as part of a weekly fund review. Further reviews may also be triggered by a notification of a change in a client's circumstances.

The investor account statements are produced and distributed to clients by the Administrator on a monthly basis. All investors have access to their account statements via the Administrator's online platform, which is independent of the investment manager. In addition, the Firm sends a report on a monthly basis which analyses the portfolios risk and return characteristics along with commentary on the market and the portfolio itself.

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

DAM UK is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly.

### **Item 15: Custody**

The assets of the Firm's clients are held in custody by a qualified independent third-party custodian. The Firm does not act as custodian for any assets that it manages.

Qualified custodians will typically provide clients with account statements relating to the assets held within the accounts managed by the Firm. DAM UK urges clients to carefully review the qualified custodian's statement upon receipt to determine that it completely and accurately states all holdings in their account and all account activity over the relevant period.

As a result of DAM UK's affiliated persons acting in the capacity of manager of its private fund, in certain jurisdictions AIM may be deemed to have custody of the funds and securities owned by that private fund. However, in accordance with the offering documents, the funds (cash) and securities of the private fund are held by an independent qualified custodian in the name of the private fund. The private fund is audited annually, by an independent accounting firm registered with the Public Company Accounting Oversight Board, and investors receive annual financial statements via the fund's independent public accounting firm.

### **Item 16: Investment Discretion**

DAM UK has discretionary authority to manage funds/accounts on behalf of all its clients.

With the funds / accounts, clients will be able to request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. DAM UK is able to customise its approach to each individual client.

Prior to accepting an appointment to act as a discretionary manager for a client, DAM UK conducts a full “know your customer” assessment. This is performed so that the Firm understands each client’s investment objectives and is then able to manage the portfolio in a suitable manner.

### Item 17: Voting Client Securities

DAM UK has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with DAM UK's proxy voting policies and procedures, which are designed to take into account the best interests of the Accounts, as determined by DAM UK in its discretion.

Deltroit has engaged Broadridge Financial Solutions, Inc ("Broadridge") to facilitate votes on behalf of its clients. DAM UK maintains full proxy voting discretion and authority over all voting securities held by the Accounts. While DAM UK takes into account Broadridge recommendations, DAM UK's portfolio managers are required to understand the implications of proxy contests on their positions. If DAM UK's portfolio managers deem such a potential impact to be material to their investment thesis, they are required to select their votes in the best interest of the Account(s), notwithstanding the selection recommended by Broadridge. Further, in instances when Broadridge does not issue a recommendation, DAM UK's portfolio managers will be required to select their votes in the best interest of the Account(s). Additionally, at times, DAM UK may determine it is in the Account's best interests to abstain from exercising its proxy voting authority.

If a conflict of interest exists between us and our clients with respect to voting their securities, we will always vote in accordance with the best interests of the client. Information on how we vote client securities is available to our clients on request. A copy of our proxy voting policies and procedures are available upon request.

### **Item 18: Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

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

This does not apply.