

# Dalton Strategic Partnership LLP

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London, United Kingdom

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This “**Brochure**” provides information about the qualifications and business practices of Dalton Strategic Partnership LLP. If you have any questions about the contents of this Brochure, please contact Wajid Latiff, our Chief Compliance Officer (“**CCO**”), by email at [compliance@dalton.com](mailto:compliance@dalton.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration as an investment adviser does not imply that Dalton Strategic Partnership LLP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds (as defined below) are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 (the “**Securities Act**”) and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D under the Securities Act, “qualified purchasers” as defined in the Investment Company Act of 1940, or non-“U.S. Persons” as defined in Regulation S under the Securities Act. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

**Item 2: Material Changes**

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This Brochure is our initial Form ADV Part 2A which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure – when amended in conjunction with our annual update – contains material changes from our last annual update, we will identify and discuss those changes.

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#### Item 4: Advisory Business

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Dalton Strategic Partnership LLP is a United Kingdom based limited liability partnership (hereinafter “**Dalton**,” “**we**,” “**us**,” “**our**” or the “**Firm**”) and is an affiliate of Dalton Capital (Holdings) Limited. The “Partners” of the Firm has ultimate management authority over all investments, asset dispositions, distributions and other affairs of the Firm.

Dalton has its principal place of business in London, United Kingdom but also has affiliated entities Dalton Capital (Japan) Inc. and Dalton Capital (Guernsey) Limited

Dalton's registration on Form ADV also covers Dalton Capital (Holdings) Limited. The Dalton Capital (Holdings) Limited is an affiliate of Dalton and it serves or may serve as the “**Member**” (or in such similar capacity) to the Firm’s Client’s. The Member’s facilities and personnel are provided by Dalton.

Dalton serves as the investment adviser, with discretionary trading authority, to pooled investment vehicles (“**Fund**”, or collectively “**Funds**”), the securities of which are offered to qualified investors. In addition to the Funds, Dalton provides investment advisory services to one or more separately managed account (“**SMA**”), individually the “Client”, collectively “Clients”.

We do not intend to participate in any Wrap Fee Programs.

We will not tailor our advisory services to the individual needs of any particular Investor.

For additional details regarding our investment objective and processes, please see Item 8 below and the applicable offering documents for the Funds.

The descriptions set forth in this Brochure of specific advisory services that the we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client’s investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

We do not currently participate in any Wrap Fee Programs.

As at 30 June 2019, we had regulatory assets under management (RAUM) in the amount of \$2,352,298,737 which we manage on a discretionary basis.

#### Item 5: Fees and Compensation

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The fees and expenses applicable are set forth in detail in each offering documents, investment management agreement or the equivalent. A brief summary of such fees and expenses is provided below.

**Management Fee**

Clients maybe charged a monthly management fee, generally to 1/12th of the applicable rate per annum, based on the net asset value of the assets under management as calculated at the end of the month (the "Management Fee").

In the Firm's sole discretion, the Management Fee may be waived, reduced or calculated differently with respect to certain Investors.

**Performance Fee**

In addition to the Management Fee, at the close of each month accounts and funds may pay the Firm and its affiliates a performance-based fee in respect of the performance of the accounts and funds for each performance period (the "Performance Fee").

For each performance period, the Performance Fee in respect of each subscription tranche (the "tranche") will be specified in the relevant offering documents or equivalent. The applicable performance allocation will be subject to a high-water mark.

The Performance Fee may be waived or reduced by us from time to time either generally or in any particular case.

**Other Types of Fees or Expenses**

Clients may incur expenses which include but are not limited to brokerage commissions, interest expenses, clearing and settlement charges, custodial fees, wire transfer fees and other taxes and fees on brokerage accounts and investment transactions. We may decide to hire external service providers to assist in certain functions, such as valuation, risk management and proxy voting services, whose expenses may be charged to the relevant Clients or pro rata across (applicable) Clients. Similarly, third party research expenses may be charged to Clients on a pro-rata basis. Operational expenses may also include organisational, administration, auditing, regulatory and reporting costs as well as, if any, entity level specific taxes and any interest, penalties or expenses relating to any taxes and any tax proceedings; and extraordinary expenses, such as litigation expenses.

Fees and expenses for managed accounts are disclosed in the relevant governing agreement to which the relevant account owner is a party.

Further information on expenses are specified in the Funds offering documents or in the specific agreement entered into with each SMA.

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

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We and our affiliates accept performance-based compensation from every Client. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

**Item 7: Types of Clients**

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Our clients are funds and accounts, as described above.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of its clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

***Investment Objective***

Our long term growth plan is to build on our existing investment offerings, as well as develop new strategies that complement each other. We continue to invest in our existing teams and products, and aim to expand our product offering by attracting quality investment teams and professionals, thereby leveraging our operational and distribution infrastructure.

- **Liquid Alternatives Strategies:** We have a range of strategies that aim to produce strong risk adjusted absolute returns. We will continue to deepen the resources available to these strategies and attract talented global investment teams which complement our existing alternative capabilities:
  - Fundamental European equity L/S;
  - Trading European equity L/S;
  - Global equity L/S;
  - European credit L/S;
  - Systematic Global Macro Strategy.
- **Long Only Equity Strategies:** Our long-only business is focused on a smaller number of market leading strategies, each of which are managed by highly experienced investment teams with multiple years track record. In particular, we would expect to grow the resources of our following long only strategies:
  - Asia ex-Japan equities;
  - Japanese equities;
  - Global equities;
  - European Equities.

More information on our investment objectives can be found in our Prospectus.

***Investment Process***

Each in-house fund manager has their own unique investment process which they have developed over time to suit their investment objectives, style and market.

More information on the investment process for each sub-fund is documented in the Appendix of our Prospectus.

***Risk of Loss Factors***

An investment implementing the above-mentioned strategy, involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the investment program will be successful, or that its returns will exhibit low correlation with an investor's traditional securities portfolio. Investment techniques may be utilized which can involve substantial volatility and can, in certain circumstances, substantially increase any potential adverse impact to which the investment portfolio may be subject. Prospective investors should consider the following additional factors in determining whether an investment is a suitable investment.

**Risks Related to Certain Investment Strategies****Equity Price Risk**

The investment portfolios will include long positions in equity securities of public and private, listed and unlisted companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, 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 any investments made by us.

**Volatility Risk**

The investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by the Client.

**Long-Term Investments**

We may pursue investment opportunities that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, we may forego value in the short term or temporary investments in order to be able to avail it of additional and/or longer-term opportunities in the future. Consequently, we may not capture maximum available value in the short term, which may be disadvantageous, for example, for investors who withdraw all or a portion of their Interest before such long-term value may be realized.

**Uncertain Exit Strategies**

Due to the less liquid nature of certain of the positions which we expected to acquire, we may be unable to predict with confidence what the exit strategy will ultimately be for any of such given positions, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to liquidity, economic, legal or other factors, including issuer-specific factors.

**Hedging Transactions**

We are not required to attempt to hedge portfolio positions. Furthermore, we may not anticipate a particular risk so as to hedge against it. We may use a variety of financial instruments (including options and derivatives), both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of our investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of our investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment; (v) hedge the interest rate or currency

exchange rate on any liabilities or assets; (vi) protect against any increase in the price of any securities that we anticipate purchasing at a later date; or (vii) for any other reason that we deem appropriate.

The success of our hedging strategy is subject to our 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 portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the instances when we hedge portfolio positions is also subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if they had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent us from achieving the intended hedge or expose ourselves to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of our portfolio holdings.

#### Liquidity Risks

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, our portfolio's liquidity may be reduced. During such times, we may be unable to dispose of certain assets which would adversely affect our ability to rebalance the portfolio or to meet withdrawal requests. In addition, such circumstances may force us to dispose of assets at reduced prices, thereby adversely affecting performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if we incur substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, our counterparties could incur losses of their own, thereby weakening their financial condition and increasing our credit risk to them.

#### Illiquid Investments

We may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and result in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

#### Non-U.S. Investments

We invest our assets on a global basis, including in securities of non-U.S. companies which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including: political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; 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; and certain government policies that may restrict our investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is



available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is in the U.S. As a result, we may be unable to structure our transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our rights in such markets. For example, securities traded on non-exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the Commodity Futures Trading Commission (“CFTC”) or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to us under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

#### Non-U.S. Exchanges

We may trade on exchanges or markets located outside of the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

#### Currency Exchange Exposure

We may invest in securities denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. We may or may not seek to hedge our non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time we wish to use them, or that our hedging techniques will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of our positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. Such fluctuations may result in a loss.

Furthermore, we may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to us at one rate, while offering a lesser rate of exchange should we desire immediately to resell that currency to the dealer. We will conduct our currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most of our currency exchange transactions will occur at the time non-U.S. investments are purchased and will be executed through the local broker or custodian acting on our behalf.

We may seek to protect the value of some portion or all of our portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. We may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in U.S. or non-U.S. markets. There can be no guarantee that instruments suitable for hedging currency risk will be available at the time we wish to use them or will be able to be liquidated when we wish to do so.

#### Leverage; Interest Rates; Margin

The use of leverage will allow us to make additional investments, thereby increasing our exposure to assets, such that our total assets may be greater than the capital. However, leverage will also magnify the volatility of changes in the value of our portfolio. The effect of the use of leverage in a market that moves adversely to our investments could result in substantial losses to us, which would be greater

than if we were not leveraged. In addition, any leverage we employ is subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results.

In general, our use of short-term margin borrowings results in certain additional risks. For example, should the securities pledged to brokers to secure the portfolio's margin accounts decline in value, the portfolio could be subject to a "margin call," pursuant to which the portfolio must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to pay off its margin debt.

In the futures and forward markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative that any futures or forward contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a contract may result in immediate and substantial losses to the investor.

#### Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, we may suffer losses if it invests in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction. We may also be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

#### Preferred Stock

Investments in preferred stock involve risks related to preferred stocks priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

#### Convertible/Exchangeable Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by Weis called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our investment objective.

#### Investments in Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the

issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of our portfolio.

#### Commodities

The values of commodities that underlie commodity futures contracts and other types of financial instruments in which we invest generally are affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. We have no control over the factors that affect the price of commodities. Accordingly, the value of our investments could change substantially and in a rapid and unpredictable manner.

#### Derivative Instruments Generally

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk. In addition, we may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which we may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on us.

#### Swap Agreements Generally

We may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. We, for instance, may enter into correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. We are not limited to any particular form of swap agreement.

Whether our use of swap agreements or swaptions will be successful will depend on our ability to select appropriate transactions. Swap transactions may be highly illiquid and may increase or decrease the volatility of the portfolio. Moreover, we bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. We will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure to post or maintain required collateral. Many swap markets are relatively

new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect our ability to terminate swap transactions or to realize amounts to be received under such transactions.

#### Currencies and Currency-Related Instruments

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by we are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

We may invest in undervalued currencies. Identifying investment opportunities in undervalued currencies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. Returns generated from such investments may or may not adequately compensate for the business and financial risks assumed. In addition, we may be required to hold such currencies for a substantial period of time before realizing their anticipated value. During this period, a portion of our assets would be committed to the currencies purchased, thus possibly preventing it from investing in other opportunities. Further, we may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received. We could be required, with respect to any option it has written, to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to our position, it could forfeit the entire amount of the premium plus related transaction costs.

#### Futures Contracts

The value of futures depends upon the price of the financial instruments underlying them. Futures prices are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which our position trades or of its clearing houses or counterparties.

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent us from promptly liquidating unfavourable positions and subject it to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

*Forward Trading*

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

*Stressed and Distressed Obligations*

We may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to our investments in any financial instrument, and a significant portion of the obligations in which it invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets, if any, collateralizing our investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which we invest, it may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Occasionally, we may need to make a follow-up investment in an existing troubled position only in an attempt to protect the value of its initial investment. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to us, of the security in respect to which such distribution was made.

*Call Options*

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the

market price of the underlying security below the purchase price of the underlying security offset by the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium if the option expires out of the money.

#### Put Options

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security to zero. The buyer of a put option assumes the risk of losing the premium if the option expires out of the money.

#### Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether we realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

#### Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Our successful use of index futures contracts also is subject to our ability to correctly predict movements in the direction of the market.

#### Futures Contracts

Futures positions may be illiquid because, for example, many commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from promptly liquidating unfavorable positions and subject us to substantial losses. In addition, we may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than



ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

#### Counterparty Risk

We expect to establish relationships to obtain financing, derivative execution, derivative intermediation and prime brokerage services that permit us to trade in any variety of markets or asset classes over time. However, there can be no assurance that we will be able to establish or maintain such relationships or establish such relationships. An inability to establish or maintain such relationships could limit our trading activities, create losses, preclude us from engaging in certain transactions or prevent us from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on our business due to our reliance on such counterparties.

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

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

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

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The management and employees of Dalton Strategic Partnership LLP plan to dedicate substantially all of their professional efforts to the Firm and its affiliates.

The Firm and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Dalton and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

We do not recommend or select other investment advisers for our clients.

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

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##### ***Code of Ethics***

Dalton has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of our clients first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at the Firm.

***Participation or Interest in Client Transactions***

Neither we nor our related persons generally purchase any securities for their own accounts from, or sell any securities for their own accounts to any of the funds or accounts. Dalton may solicit qualified clients to invest. Dalton could be considered to have recommended an investment as suitable for a client as a result of the relationship between Dalton and the Clients. Dalton will inform each client of its relationship with a Client prior to the client's investment, but does not intend to advise clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests (except to the extent that Dalton receives Management Fees and performance compensation from all Investors).

Dalton discloses these, and other potential conflicts of interest, to Investors in the offering documents. These materials are delivered to Investors prior to their investment and Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving the Firm, its affiliates, or the executive officers of the foregoing.

***Personal Securities Trading***

Dalton's policy regarding personal securities trading by personnel (the "**Personal Account Dealing**") significantly constrains the ability of personnel to engage in personal securities trading. Under the DSP Personal Account Dealing Policy, employees, their spouses, immediate family members and other dependents, are required to direct their brokers, or directly provide, duplicate copies of personal discretionary brokerage account statements to the CCO or his designee, which are used to monitor compliance with the Personal Account Dealing Policy. Under the Employee Investment Policy, employees are prohibited from participating in initial public offerings (IPOs).

Employees must obtain pre-approval from the CCO or his designee before:

- (i) effecting any personal trades in any Reportable Security (as defined under Rule 204A-1);
- (ii) engaging in any outside business activities that may present a conflict with the employees' duties at the Firm; or
- (iii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor or client, upon request.

***Insider Trading Policies and Procedures***

Dalton maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within Dalton, as well as prevent trading based on inside information. On a periodic basis, Dalton employees are required to attest to their compliance with the insider trading policies which are set forth in the Compliance Manual and Code of Ethics.

Dalton's Code of Ethics is available to investors upon request.

***Item 12: Brokerage Practices***

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Dalton may be authorized to determine the broker-dealer to be used for executing securities transactions for Clients. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Clients' securities and other assets are held in securities accounts at our prime brokers that are "qualified



custodians” as defined under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Where required by regulation, Dalton may negotiate “execution only” commission rates and where appropriate, separate research only commission rates. Thus, the total commission rate over the execution price may include a separate research rate.

### **Best Execution**

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration a number of qualitative and quantitative factors including the price of a security offered by the broker-dealer, as well as the broker-dealers’ full range and quality of services including, among other things, facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage services, special execution and block positioning capabilities, clearance, and settlement and custodial services.

### **Soft Dollars**

The Firm may use “**Soft Dollars**” generated by the Clients’ trading activities to purchase brokerage and research services or products that would otherwise have been our expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

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

### **Review of Accounts**

The Firm’s portfolio managers and investment professionals continuously monitor and analyses the transactions, positions, and investment levels of the Clients to ensure that they conform with the investment objectives and guidelines that are stated in the investment advisory agreements and the Fund offering documents. In these reviews, the Firm pays attention to any changes in the investment’s fundamentals, overall risk management and changes in the markets that may affect price levels. Dalton engages in active management for its Clients and reviews transactions, positions and cash balances on a daily basis.

### **Annual Reporting**

The Firm will distribute annual audited financial statements to its Clients within 120 days of the Firm’s fiscal year-end. In addition, the Firm may distribute reports to investors in the Clients, which include monthly investor statements from the fund administrator, monthly performance and risk reports and quarterly/annual investment letters.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

## **Item 15: Custody**

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We will comply with Advisers Act’s “**Custody Rule**,” by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund’s annual audit by an independent

auditor registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Clients audited financials to Investors within 120 days of the Fund's fiscal year end.

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

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We will have full discretionary authority over the Fund, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities. Our investment decisions and advice with respect to the Fund are subject to the Fund's investment objectives and guidelines, as set forth in the applicable offering documents.

#### **Item 17: Voting Client Securities**

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In compliance with the Advisers Act's Proxy Voting Rule 206(4)-6, we have adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, we may refrain or abstain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to our clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of our clients, on the one hand, and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

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

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.