

DARIUS CAPITAL PARTNERS SAS

Form ADV, Part 2A

Firm Brochure

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March 31, 2011

This brochure provides information about the qualifications and business practices of Darius Capital Partners SAS. If you have any questions about the contents of this brochure, please contact us at 212-993-6201 or gwolf@dariuscapital.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 Darius Capital Partners SAS also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Other than structural changes to this ADV Part 2 performed in accordance with new SEC Rules and Regulations, no material changes have been made from the last ADV Amendment, dated March 15, 2010.

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Item 4. Advisory Business

Darius Capital Partners ("DCP") is an independent hedge fund research and advisory firm headquartered in Paris, with offices in New York. DCP has a 7-year history in providing manager research, due diligence, portfolio construction and risk monitoring services to institutions globally. Our clients are purely institutional and mostly leaders in their respective industries, particularly Pension Funds, Insurance Companies, Banks and Postal Services.

Research-driven and service-oriented, DCP was founded with the vision of providing clients with superior external resources to support Institutional Investors, even sophisticated ones, in selecting managers, monitoring their investments, identifying and quantifying specific risks. We capitalize on the extensive financial markets experience of our partners, and of the team of specialists they have assembled, to deliver independent advisory services that would preserve and enhance investments in hedge funds over the long term.

DCP employs 11 highly-qualified professionals. The Partners and Senior Analysts each have over 15 years experience in Investment Banking, Hedge Fund or Asset Management. The majority shareholder is the Founder and President, Reza Ghodsi.

DCP offers Research and Advisory services customized to each of our Investor needs and constraints. Our main strengths lie in the following services:

Manager Research and Selection

We evaluate the universe of hedge fund managers to identify best-of-breed managers in every alternative strategy.

Tactical Allocation

Based on our intimate understanding of the investment strategies employed by our clients, our extensive network and our awareness of the current market conditions, we recommend allocations to the strategies best positioned to benefit in each market regime.

Due Diligence

DCP's extensive operational and investment due diligence process has been selected by major international players. Our due diligence reports are currently being accessed by over 100 institutions globally, including many prominent Funds of Hedge Funds, giving us the highest responsibility in terms of accuracy and depth of our reports.

Portfolio Construction

We specialize in building customized portfolios to meet our clients' objectives in terms of risk-adjusted performance and liquidity.

Risk Oversight

We monitor the portfolio and the underlying managers throughout the investment period and we provide extensive risk transparency.

Reporting

We maintain a constant dialog with our clients, we benefit from their local and specialized insights and we offer them full support in reporting, marketing and staff education.

Assets Under Management

DCP provides the above services, on a non-discretionary basis, to an aggregate client investment portfolio of approximately \$1.1 billion.

Item 5. Fees and Compensation

Compensation for DCP's services is generally structured as either (a) a fixed retainer fee charged to the client or (b) a negotiated fixed rate (proportional to the size of the client mandate) ranging from 0.25% to 0.75% of the principal amount invested under the mandate. All fees are payable quarterly or bi-annually, in arrears.

In some cases, DCP may receive fees directly from managers of hedge funds or fund-of-funds in which DCP's clients have invested, based on DCP's recommendation. Such fees are negotiated directly with the fund managers in each mandate portfolio, but generally amount to approximately 20% - 30% of the fund manager's management fee.

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

Performance-Based Fees.

DCP does not charge its clients any performance-based fees.

Side-By-Side Management. DCP recognizes that certain personnel may provide investment-related services to multiple clients in respect of several mandates. DCP's and that employee's economic interests may conflict with their fiduciary duty to the client based upon the fees and compensation paid to DCP and that employee by those accounts. DCP expects that employees will perform their responsibilities in accordance with their fiduciary duties. DCP maintains compliance policies and procedures designed to identify and mitigate conflicts of interest.

DCP identifies and analyzes hedge funds and fund of funds across various strategies as well as builds and monitors bespoke portfolios tailored to the investment needs and strategies of our clients. Due to the nature of this approach, potential conflicts of interest may be different in some instances than those encountered in the broader investment industry. This helps to mitigate the conflict of interest risk. Nevertheless, it is the intent of DCP to address any conflicts issues through a Code of Ethics and other measures tailored to our investment philosophy.

Item 7. Types of Clients

Darius provides advice solely to institutional investors and managers of private investment funds. Darius does not presently provide investment advice to individuals, trusts or pension plans.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

RESEARCH AND SELECTION PROCESS

Philosophy

In-depth knowledge of our managers is one of the cornerstones of our Advisory process. Our experience as capital markets practitioners is a major factor that facilitates our understanding of a manager. Through the ongoing due diligence efforts of our research team we build a thorough understanding of the managers we track, of their strengths and weaknesses.

Within each sub-strategy we select a set of best-in-class managers for possible inclusion in our bespoke portfolios. Our sourcing mechanism draws on our extensive network, our capital markets contacts and on our in-depth understanding of the alternative strategies. We meet with over 150 hedge fund managers every year, across the globe. We are currently invested with 80 managers, covering most strategies.

DCP looks for managers who demonstrate a tangible edge over competitors, and we discriminate between market-dependent results and uncorrelated alpha generation.

DCP's competitive edge comes from its team's extensive investment and operational experience, its focus on identifying the most attractive opportunities and its commitment to limiting passive exposures to major risk factors.

Selection Process

While our core analytical approach has remained unchanged since inception, the experience gained in the 7 years we have been evaluating managers has led to an expanded universe, cutting-edge tools for manager evaluation, and continuously refined due diligence process.

Our investable universe has been expanded to include the latest investment vehicles available to institutional investors, such as managed accounts, Alternative ETF's and Hedge Fund Replicators and UCITS. In each category we maintain a proprietary database, built through extensive industry contacts and ongoing research mandates for some of the most sophisticated international investors.

Our selection process ensures that we are fully familiar and confident with a manager's investment style and infrastructure. Our qualitative research identifies a manager's edge, capacity and growth prospects, investment methodology, expertise and team quality, liquidity factors and valuation issues.

Our quantitative tools isolate factor sensitivities, alpha generation, peer group positioning, style drifts and tail risks. Regular quantitative studies are performed on existing managers for signs of style drift, as well as changes in performance expectations and risk. Particular attention is paid to a manager's ability to cope with a changing asset base, evolving organization and different market conditions. Continually updated peer studies track a rapidly evolving universe.

We use a number of quantitative tools to select managers and build portfolios, including multifactor models, back testing, correlation tables, Monte Carlo simulations and extreme conditions testing. We are aware of the shortcomings of using optimization in portfolio construction. The determination of which funds to invest with must be primarily a qualitative decision based on forward looking views.

DUE DILIGENCE

Our Edge

DCP has gained a distinctive edge in the due diligence of hedge funds. Through our relationship with the dbX Platform alone, we provide due diligence reports on 45 hedge fund managers to over 100 institutional investors. By providing such unique transparency on our process, we have invited comments and questions about our procedures and findings. The feedback we receive has been overwhelmingly positive, to such an extent that many companies have now delegated most of their due diligence responsibilities to DCP. While we pride ourselves with this stamp of approval, we continue to find new ways to improve and refine our due diligence process.

All due diligence reports are reviewed by the CIO. The Head of ODD can call on our Chief Operating Officer to exercise her independent veto power on any proposed investment, and at any time after the investment.

We have never recommended investments in any strategy or feeder fund managed by Bernard Madoff. We have never been exposed to a fund blow-up, to a fraud or to a catastrophic reduction in net asset value of any of our recommended investments. Five experienced analysts are dedicated to operational due diligence, between our New York and Paris offices.

Our operations specialists will work in tandem with strategy specialists to feed each other with potential red flags. The process usually takes 3 to 4 weeks to complete and includes Initial Risk Assessment, On-Site Visit, Investment Due Diligence, Third Party Verification, Background Screening, Approval, and Ongoing Review.

CERTAIN RISKS

Before subscribing to any underlying funds recommended by DCP, each client should carefully review all offering and subscription documentation provided by such funds, including, without limitation, the organizational and disclosure materials provided by the funds. Clients should be aware that there are certain risks involved with investing in hedge funds and funds of funds recommended by DCP, including but not limited to the following:

Investment Risks in General. It is expected that certain funds recommended by DCP may utilize highly speculative investment techniques, hold highly concentrated portfolios, control positions

and illiquid investments, and participate in workouts. Neither DCP nor any of its officers, directors, agents or affiliates will have the ability to direct or influence the management of an underlying fund or the investment of its assets.

Concentration. Particular funds recommended by DCP are likely to concentrate their investments in only a limited number of industry sectors, companies or investments. This concentration could cause a proportionately greater loss than if a larger number of investments were made across industry sectors. DCP seeks to reduce this risk by diversifying its recommendations among funds and fund managers with differing concentrations, in accordance with the mandates and investment strategies and objectives of our clients. There can be no assurance that such diversification strategy will be successful.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of investments made by underlying funds. Instability in the securities markets may also increase the risks inherent in such investments. Investments made with non-U.S. and non-EUR currencies may be subject to fluctuations in the exchange rate, which fluctuation may have an adverse effect on the value, price or income of such investment. Currency exchange rates may not be hedged by the underlying fund managers.

Lack of Management Control by Clients in Underlying Funds. Under the organizational documents of funds recommended by DCP, clients will not likely have the right to participate in the management, control or operation of such funds. Clients also are not likely to have the right to evaluate investment opportunities or relevant business, economic, financial or other information used by fund manager in making investment decisions for the fund. DCP will have no right to participate in the management, control or operation of any funds it recommends or have any authority to remove the fund managers thereof.

Performance Allocation. The entitlement of DCP to a share of the performance allocation above the basic fees normally charged by DCP could create an incentive for DCP to choose investment funds that are riskier or more speculative than would otherwise be the case. As discussed in this brochure, DCP endeavors to recommend underlying funds in a manner consistent with the mandates and investment objectives and guidelines set forth by its clients.

Lack of transferability of interests in Underlying Funds. Interests in funds recommended by DCP are not likely to have been registered under U.S. Federal or state securities laws or under the laws of any other jurisdiction and are generally subject to substantial restrictions on transfer contained in such laws and the respective organizational documents of the underlying funds. These interests may not be transferable or divisible or otherwise encumberable except with the prior written consent of the general partner or fund managers, which may likely be withheld in their sole and absolute discretion.

The Underlying Funds are Generally Not Registered. The funds recommended by DCP are not likely to be registered under any law, including the U.S. Investment Company Act of 1940 (the '1940 Act'). The 1940 Act provides certain protections to investors and imposes certain restrictions on registered investment companies, which may not be applicable to the underlying funds. These protections and restrictions include, among other things, the requirement that a fund's board of directors, including a majority of its disinterested directors, approve certain of the

fund's activities and contractual relationships, the prohibition against certain trading and investment activities and the restriction of the funds from engaging in certain transactions with its affiliates.

If clients have any questions with respect to any of the foregoing risk factors, they should contact DCP at 212-993-6201 or gwolf@dariuscapital.com.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

DCP is the sole shareholder of Darius Capital USA Ltd., a New York corporation ("Darius USA"). Darius USA provides DCP with essential due diligence, research and marketing support in connection with DCP's operations in the United States and in Europe.

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

DCP has implemented an investment policy relative to personal securities transactions. This investment policy is part of DCP's overall Code of Ethics which serves to establish a standard of business conduct for all of DCP's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust. The Code of Ethics addresses areas such as prohibited purchases and sales, insider trading, exempted transactions, prohibited activities and standards of business conduct, conflicts of interest, confidentiality, personal securities transactions and recordkeeping.

In accordance with Section 204A of the Investment Advisers Act of 1940, DCP also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Darius or any person associated with the DCP.

YOU HAVE A RIGHT TO REVIEW OUR CODE OF ETHICS. FOR A COPY OF THE CODE OF ETHICS, PLEASE REQUEST IT BY EMAIL DIRECTED TO GWOLF@DARIUSCAPITAL.COM.

Item 12. Brokerage Practices

DCP provides comprehensive research and advisory services to managers of hedge funds to advise managers with respect to investment selection. DCP does not engage, select or recommend broker-dealers to its clients. Clients are wholly responsible for broker-dealer selection.

DCP does not receive research or any other "soft dollar benefits" from any broker-dealers in connection with client securities transactions.

Item 13. Review of Accounts

DCP provides comprehensive monthly reports to each client that includes portfolio performance, performance of each underlying manager as well as a summary of contributors or detractors to that performance and any significant firm or fund changes, macro-economic analysis as well as analysis on the various hedge fund strategies. DCP's Chief Investment Officer, Mathieu Klein, is responsible for overseeing the preparation of each monthly report. As for the due diligence part of our business, periodic updates are tailored to the individual needs of each client in accordance with each client mandate. Every due diligence report and its update is reviewed by the Chief Investment Officer.

Item 14. Client Referrals and Other Compensation

DCP has an agreement with Confido Advisors ("Confido"), an outsourced marketing and client relationship manager, to facilitate introductions to institutional investors in South Korea. DCP compensates Confido with a retainer fee and reimbursement of reasonable travel expenses.

Item 15. Custody

DCP does not have custody of any client funds or securities.

Item 16. Investment Discretion

DCP has no discretionary authority to manage securities accounts on behalf of clients.

Item 17. Voting Client Securities

Not applicable.

Item 18. Financial Information

Not applicable.

Brochure Supplement

Reza Ghodsi

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This brochure supplement provides information about Reza Ghodsi that supplements Darius Capital Partners' brochure. You should have received a copy of that brochure. Please contact Gary Wolf at gwolf@dariuscapital.com if you did not receive the Darius Capital Partners' brochure or if you have any questions about the contents of this supplement.

A. Educational Background and Business Experience

Mr. Ghodsi is President and Managing Partner of DCP. He was born in 1967.

Before founding Darius Capital in 2004, Reza spent 10 years at Lehman Brothers, Paris. He was in charge of Institutional coverage of French Insurance Companies within the Fixed Income Division. He contributed extensively to client solutions in assets/liabilities management, strategic allocation and regulatory issues. He was instrumental in accompanying the diversification efforts of investors, working on credit-based investments and structured products of hedge funds. From 2000 to 2004 he was part of the Structured Solutions Group, offering tailor-made products to institutional clients, producing ALM studies and liability-matching solutions. Prior to this, Reza worked at BNP-Paribas Fixed Income Group, servicing institutional clients from 1993 to 1995.

Reza holds a Master Degree in Finance from the University of Panthéon-Sorbonne in Paris (1993).

B. Disciplinary Information

None.

C. Other Business Activities

None.

D. Additional Compensation

None.

E. Supervision

Mr. Ghodsi's advisory activities are monitored by Benoit Migeot, Chief Compliance Officer for DCP. Mr. Migeot is located in DCP's Paris office and is available at +33 1 42 56 80 80. Mr. Migeot supervises Mr. Ghodsi's advisory activities in accordance with the guidelines set forth in the DCP's Policy & Procedures Manual.

Brochure Supplement

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A. Educational Background and Business Experience

Mr. Klein is CEO, Chief Investment Officer and Managing Partner of DCP. He was born in 1958.

Before co-founding Darius he was previously Founder and President of Trade Europa SAS, a software company designing quantitative support tools for investment decisions in European equities. From 1994 to 2000 Mathieu worked at Lehman Brothers as an Executive Director, initially in Paris, where he was Head of Fixed Income Trading, responsible for Credit, Government and Proprietary trading activities. From 1997 to 2000, he was Regional Product Manager, Flow Products, with Lehman Brothers Asia. Based in Tokyo, Mathieu was responsible for Trading and Distribution of Treasuries, Euro-Government Debt, Euro-Benchmarks and Agencies, and for maintaining relationships with key Asian accounts (Pension Funds, Central Banks). From 1990 to 1994, Mathieu was Head of International Trading with CCF (HSBC France), responsible for fixed income euro-products trading activities, managing a desk of 15 traders.

From 1986 to 1990 Mathieu was Senior Trader at CSFB and Warburg, London, responsible for various Fixed Income Credit Trading books.

He started his career at JP Morgan, Brussels, as Assistant Treasurer- Account Executive (Euroclear operations).

He is a Commercial Engineer from the Solvay Business School (Brussels, 1981).

B. Disciplinary Information

None.

C. Other Business Activities

None.

D. Additional Compensation

None.

E. Supervision

Mr. Klein's advisory activities are monitored by Benoit Migeot, Chief Compliance Officer for DCP. Mr. Migeot is located in DCP's Paris office and is available at +33 1 42 56 80 80. Mr. Migeot supervises Mr. Klein's advisory activities in accordance with the guidelines set forth in the DCP's Policy & Procedures Manual.