



**DISCLOSURE DOCUMENT:  
FORM ADV PART 2A BROCHURE**

**January 1<sup>st</sup>, 2015**

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**This brochure provides information about the qualifications and business practices of DW Partners, LP. If you have any questions about the contents of this brochure, please contact us at 212-751-6100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about DW Partners, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

The SEC’s web site also provides information about any persons affiliated with DW Partners, LP who are registered, or are required to be registered, as investment adviser representatives of DW Partners, LP.

The delivery of this Disclosure Document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Disclosure Document will supersede all other documents containing information about this advisory program.

DW Partners, LP (“DW”) is an investment adviser that is registered with the SEC. Registration with SEC does not imply a certain level of skill or training.

## **Item 2. Summary of Material Changes**

Several sections of Item 4 have been materially revised:

DW's Brochure has been updated with the following material changes that have occurred since the last update of the Brochure on March/31<sup>st</sup>/2014:

DW Investment Management, LP has formally changed its name to DW Partners, LP as of January 1<sup>st</sup>, 2015.

DW Partners II, LP ("DWII") is a new "relying adviser" which has filed a single Form ADV together with DW in reliance on the no-action letter issued to the American Bar Association, Business Law Section by the SEC on January 18, 2012.

DW Partners, LP has taken over the management of the Brevan Howard Credit Catalysts Master Fund Limited, and Brevan Howard Credit Value Master Fund Limited from Brevan Howard Capital Management ("BHCM").

Brevan Howard Credit Catalysts Master Fund Limited has revised its name to DW Catalyst Master Fund Limited ("DWC").

Brevan Howard Credit Value Master Fund Limited has revised its name to DW Value Master Fund Limited ("DWV").

DW's regulatory assets under management has been updated.

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## I. Part 2A – Disclosure Items about the Firm

### Item 4. Advisory Business

- (A) **Operational and Organizational Information.** DW Partners, LP (“DW” or the “Firm”) a Delaware limited partnership, is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). The Firm has been in business since March 2009 when David Warren founded DW Investment Management, LP. As of January 1<sup>st</sup>, 2015, DW Investment Management, LP formally changed its name to DW Partners, LP.

DW’s Clients are pooled investment vehicles. DW currently serves as the manager for the DW Catalyst Master Fund Limited (“DWC”) and its related feeder funds (DW Catalyst Onshore Fund, LP and DW Catalyst Offshore Fund Limited) and the DW Value Master Fund Limited (“DWV”) and its related feeder funds (DW Value Onshore Fund, LP and DW Value Offshore Fund Limited) (collectively the “DW Funds”). Investors typically invest through a master-feeder structure, with DW affiliates serving as general partners of the onshore feeder funds.

DW also serves as the manager of DW Catalyst Limited, a Guernsey- registered collective investment scheme which is publicly listed on the London Stock Exchange (“Listed Vehicle”).

In addition to managing the DW Funds and the Listed Vehicle, DW serves as one of the investment managers of the Brevan Howard Master Fund Limited (“BHMFL”) (collectively, DW Funds, Listed Vehicle and, BHMFL, the “Clients”).

DW, DW Partners II, LP (“DWII”) and DW General Partner, LLC (“DWGP”) have together filed a single Form ADV in reliance on the no-action letter issued to the American Bar Association, Business Law Section by the SEC on January 18, 2012. Accordingly, DW and DWII are not separately registered as investment advisers with the SEC, but each is considered to be a registered investment adviser by virtue of DW’s registration with the SEC. All references to DW in this Brochure are referring to DW and/or one or more of its affiliates, including the relying advisor, DWII and DWGP.

Effective January 1, 2015 DW assumed the role of manager of the DW Funds from Brevan Howard Capital Management (“BHCM”). Prior to the transition the DW Funds were previously managed by BHCM and were previously known as Brevan Howard Credit Catalysts Master Fund Limited and Brevan Howard Credit Value Master Fund Limited respectively with DW serving as their exclusive investment manager.

- (B) **Types of Advisory Services Offered.** DW generally has broad and flexible investment authority with respect to the DW Funds.

DW provides investment management services for private pooled investment vehicles. In order to effectuate DW’s Clients’ investment objectives, DW invests Client assets in various instruments including, but not limited to, derivatives, corporate credit, distressed debt, mortgage-backed securities, asset-backed securities and other similar securities of issuers or markets that it determines are experiencing, or that we anticipates will experience, substantial changes. Similarly, DW employs multiple strategies on its Clients’ behalf including, capital structure arbitrage, credit, and structured credit strategies.. In connection with providing these investment management services, we have been appointed as the investment manager

with discretionary trading authority. A DW related entity acts as general partner of each DW Onshore Fund.

DW may advise other clients in the future, including pooled investment vehicles and separate accounts, and may provide both discretionary and non-discretionary advisory services to clients.

- (C) **Client Investment Guidelines and Parameters.** DW tailors its advisory services to the investment mandates of its pooled investment vehicle Clients.

Investors and prospective investors in each DW Fund should refer to the confidential private placement memorandum and governing documents for each DW Fund (the “Governing Documents”) for more complete information on the investment objectives and investment restrictions with respect to a particular DW Fund.

- (D) **Wrap Fee Programs.** The Firm does not participate in wrap fee programs.

- (E) **Assets under Management.** The Firm manages all Client assets on a discretionary basis. The amount of Client regulatory assets that we manage on a discretionary basis, as of September 30<sup>th</sup>, 2014, is \$12,141,572,020. DW does not manage any Client assets on a non-discretionary basis.

**Item 5. Fees and Compensation.** The Firm’s fees are described in the respective confidential private placement memoranda.

- (A) DW receives compensation for managing assets for its Clients based on the total value of the assets under management and/or the performance achieved for each Client’s account. Investors in the DW Funds generally pay a management fee to DWII (the “Management Fee”) that is payable monthly in arrears, equal to an annual rate of between 1.5% and 2.0% of net assets. Generally, at the end of each fiscal year, each investor in the DW Funds also pays an annual performance allocation to a DW affiliate, equal to between 15% and 20% of the amount by which the net value of each account as of the end of each calendar year exceeds the net value of the account as of the beginning of the year, subject to a “high water mark” (the “Incentive Allocation”).
- (B) All compensation described above is deducted automatically from DW’s client funds’ accounts pursuant to their governing documents
- (C) *Allocation of Expenses.* From time to time DW may incur fees, costs and expenses on behalf of multiple Clients. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Client, each Client will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client’s applicable governing documents) or in such other manner as DW considers fair and reasonable. DW endeavors to allocate such fees, costs and expenses on a fair and reasonable basis. Portfolio securities are normally purchased through brokers on securities exchanges, directly from the issuer or from an underwriter or market maker for the securities. Fees or expenses incurred in connection with such transactions may include, but are not limited to, transaction costs, commissions, brokerage commissions, clearing and settlement charges, borrowing charges on securities sold short, interest on borrowings, including borrowings from brokers and custodians, any issue or transfer taxes or fees in connection with securities transactions, any foreign withholding taxes, legal and/or rating agency fees incurred for specific transactions,

exchange fees and charges and custodial services and will be paid out of the assets of the Fund. Brokerage services are conducted on an arm's-length basis and DW will not receive any portion of such fees or expenses. All fees or expenses in connection with the use of brokerage services are separate and distinct from the Management Fees and Incentive Allocation (see Item 6) charged by DW. Clients should carefully review Item 12, which discusses conflicts of interest related to brokerage practices. A description of these fees and expenses is also available in the private placement memoranda.

For additional information on brokerage transactions and costs, please see Section 9: Brokerage Practices.

DW bears its own operating, general, administrative and overhead costs and expenses, other than the expenses borne by the DW Funds or other Clients.

(D) Fees Paid in Advance. DW does not permit Clients to pay any fees in advance.

(E) Supervised Person Accepts Compensation For the Sale of Securities or Other Investment Products.

Neither the Firm nor any of DW's principals or employees receives any transaction-based compensation for the sale of securities or other investment products.

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

As set forth in Item 5, DW charges an Incentive Allocation for its investment management services. The Incentive Allocation provides DW compensation for managing accounts based upon a percentage of the accounts' net profits. The Incentive Allocation creates certain conflicts of interest with respect to DW's management of assets. DW has differing compensation arrangements among its Clients. DW may face conflicts of interest with respect to its Clients because of these varying fee schedules. As a fiduciary, DW focuses on acting in the best interests of *each* of its Clients. DW's policies and procedures are designed to identify and mitigate any conflicts of interest. Specifically, DW addresses any potential conflicts of interest relating to its varying fee schedule by adhering to its trade allocation policy which sets forth objective factors for determining how to allocate investment opportunities among Clients. For a detailed explanation of its trade allocation policy, please see Section 9: Brokerage Practices.

**Item 7. Types of Clients**

DW provides investment advice to private investment funds which are pooled investment vehicles.

**Item 8.**

**Methods of Analysis, Investment Strategies and Risk of Loss**

- (A) DW employs a combination of relative value and long/short trading strategies, particularly focusing on the corporate credit, mortgage-backed and asset-backed securities markets, though DW does trade in a variety of instruments. Depending on Client goals and objectives, DW seeks outright price appreciation of securities and relative price appreciation of a security when compared to another, and/or a high expected yield/ return. DW concentrates its Clients' investments in developed markets. While DW trades heavily in U.S. markets, DW may also trade credit-related securities in global markets.

DW often attempts to achieve its Clients' investment goals by identifying catalysts that DW believes will yield price appreciation over a foreseeable time period. Some of the catalysts DW seeks to identify include corporate earnings, corporate events, company defaults, mortgage cash flows, prepayments, losses or other events that DW believes will cause market prices to move in line with its expectations. In selecting investments for its Clients, DW conducts fundamental and broad technical analyses of the credit markets. Specifically, DW engages in a macro analysis of the credit markets as a whole, relative value analysis of one credit to another and micro analysis of individual companies and securities.

**Despite DW's analyses, investing in any securities involves a risk of loss that any of our Clients or any of the investors in our Clients must be prepared to bear.**

The primary securities DW has utilized to achieve its Clients' investment goals to date have been corporate bonds, mortgage-backed securities, and credit default swaps. DW has also purchased and sold equity securities, trade claims, convertible bonds, equity futures, and options on bond indices and equities. DW has used credit default swap indices extensively, both as hedges and to express outright views on various markets. DW purchases many bonds at substantial discounts to par value. These bonds trade at substantial discounts because there is great uncertainty both as to when or if principal will be repaid to its Clients. In many cases, DW does not expect bonds it purchases to return 100% of principal.

- (B) DW constantly keeps the risk of loss in mind and attempts to moderate these risks. However, there can be no assurance that its investment and trading activities will be successful or that Clients will not suffer losses. In the following pages, DW gives more detail about many of the various strategies that it utilizes in advising its Clients, some of the important risks associated with these strategies, and a number of the products DW has used or may use to achieve its Clients' goals. The following explanation of certain risks is not meant to be exhaustive, but rather highlights some of the more significant risks involved in its investment strategies:

*Investment Judgment and Market Risk:* The success of its investment programs depends, in large part, on correctly evaluating future price movements and/or cash flows of potential investments. DW cannot guarantee that it will be able to accurately predict these price movements or cash flows and that its investment programs will be successful. Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost.

*Trading Risk:* The use of derivatives, leverage, short sales and option trading can, in certain circumstances, substantially exacerbate the impact of unfavorable price movements on its Clients' investments. Also, changes in the general level of interest rates may negatively affect our Clients' results.

*Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of hedge funds, including those resulting from a reduction in the availability of credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which DW works. Market disruptions over the recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the hedge fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to DW's Clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to its Clients' interests.

*Catalyst-Driven Investing:* Catalyst-driven investing involves buying or selling securities of companies that are going through, or are expected to go through, substantial changes.

The fact that certain of the companies in whose securities DW invests are in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions (for example, a merger or a tender offer), restructurings, bankruptcy or reorganization, means that their securities are likely to be particularly risky investments although they also may have the potential for correspondingly high returns. These companies' securities may be considered speculative, and the ability of these 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 the companies.

Catalyst-driven investing requires making predictions about (1) the likelihood that an event will occur and (2) the impact such event will have on the value of a company's securities. If the event fails to occur or its effect was not foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganizations, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than what DW paid for it. Because of the inherently speculative nature of catalyst-driven investing, our Clients' results will fluctuate from period to period. Accordingly, the results of a particular period will not necessarily be indicative of results that DW expects to obtain in future periods.

*Corporate Bonds:* A primary focus of DW's investment strategy consists of investing in corporate bonds and their derivatives. Corporate bonds generally provide periodic returns and the eventual return of the principal at the end of the term. The values of corporate bonds and their derivatives, like other credit-based securities, change in response to interest rate fluctuations and market perception of an issuer's ability to pay off its obligations. Corporate bonds are also subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

DW may invest in corporate bonds with investment grade ratings and with below-investment grade ratings, as well as "distressed" corporate bonds and bonds of companies emerging from a restructuring, all discussed below.

*Credit Default Swaps:* Utilizing credit default swaps is a major component of its investment strategy. A credit default swap is a contract between two parties under which they both



agree to isolate and separately trade the credit risk of at least one third-party entity. Essentially, the buyer of a credit default swap receives credit protection, and the seller of the swap guarantees the credit worthiness of the third-party entity. The market for credit default swaps is unregulated, and the contracts may be frequently traded so that the identities of the ultimate obligors are not clear. The possibility also exists that the counterparty may not have the financial strength to abide by the contract's provisions. The leverage involved in many credit default swap transactions, and the possibility that a widespread downturn in the market could cause massive defaults and challenge the ability of risk-buyers to pay their obligations, both add to the uncertainty of an investment in these instruments.

DW may enter into credit default swaps with respect to corporate debt, mortgage-backed securities, asset-backed securities or indices referencing portfolios of these securities.

*High Yield, Low-Rated or Unrated Securities:* Debt securities (including bonds) in which DW invests on behalf of our Clients may or may not be rated by credit rating agencies. If they are rated, their ratings may range from the very highest to the very lowest. Bonds with ratings below investment grade are sometimes colloquially called 'junk bonds'. Securities rated below investment grade normally provide a yield that is significantly higher than that of investment grade securities, but are quite speculative for reasons enumerated below. The lower-rated categories include debt securities that are in default and debt securities of insolvent issuers. The rating that a credit rating agency assigns to a security does not reflect an assessment of the volatility of the security's market value or the liquidity of an investment in the security. The values of lower-rated securities (including unrated securities of comparable quality) generally fluctuate more than those of higher-rated securities because investors generally believe that there are greater risks associated with them. In addition, the lower rating reflects a greater possibility that the financial condition of the issuer, or adverse changes in general economic conditions, or both, or an unanticipated rise in interest rates, may impair the ability of the issuer to make payments of principal and interest. The inability (or perceived inability) of issuers to make timely payment of interest and principal would likely make the values of DW's Clients' securities more volatile and could limit its ability to sell the securities at prices approximating the values DW had placed on the securities. In general, the market for lower-rated or unrated securities is smaller and less active than that for higher-rated securities, which can adversely affect DW's ability to sell these securities at favorable prices. In addition, the market prices of lower-rated securities are likely to be more volatile because: (1) an economic downturn or increased interest rates may have a more significant effect on the yield, price and potential for default; (2) past legislation has limited (and future legislation may further limit) investment by certain institutions in lower-rated securities or the tax deductibility of the interest by the issuer, which may adversely affect the value of the securities; and (3) it may be difficult to obtain information about financially or operationally troubled issuers. DW will not necessarily dispose of a security when its rating is reduced below its rating at the time of purchase.

*Distressed Debt and Securities:* Distressed debt refers to bonds and other forms of securities issued by a company that is undergoing bankruptcy or reorganization or is likely to do so in the near future. Distressed bonds will often have low ratings as discussed above. The debt securities of distressed corporations are sometimes overly discounted by the market, as risk adverse investors tend to sell securities due to an actual or potential bankruptcy filing. These situations can create attractive buying opportunities for investors specializing in valuing distressed securities. DW purchases these instruments on behalf of its Clients with the anticipation that the company will emerge from its financial difficulties and become profitable again. In the interim, the purchase of the debt may allow the shareholders or bondholders to participate actively in the process of reorganizing the company as it attempts

to position itself for a return to profitability. The risk of investing in distressed debt and securities is that the subject company's projected performance never takes place. When this is the case, the securities that DW buys on behalf of its Clients may become worth less than the amount initially paid for them, resulting in a loss. In addition, when investing in distressed debt, the amount and timing of payments, if any, by the debtor can be uncertain. Receiving late or incomplete loan payments can adversely affect DW's Clients' return.

Significantly, on DW's Clients' behalf, it may participate more actively in the affairs of a distressed issuer than is typical of investors. A heightened level of involvement may make DW's Clients more vulnerable to litigation risks or prevent them from being able to sell their securities at certain times.

*Post-Reorganization Securities:* Investing in securities issued by companies that have just experienced a reorganization may entail a higher degree of risk than investing in securities of companies that have not undergone a reorganization or restructuring. Specifically, post-reorganization securities may be subject to heavy selling and/or downward pricing pressure after completing a reorganization or restructuring. If DW's expected outcome of a reorganization or restructuring proves incorrect, our Clients may experience a loss.

*Collateralized Debt Obligations:* Collateralized debt obligations are securitized interests in pools of assets. Collateralized debt obligation pools are split into different risk classes, or tranches, with "senior" tranches being the least risky. Interest and principal payments are made in order of seniority, so that junior tranches cost less and get paid more to compensate for additional risk. Holders of collateralized debt obligations only receive payment when the underlying borrowers make payments, otherwise the holders have no other recourse against the pool.

Collateralized debt obligations often consist of concentrated portfolios of assets. The concentration of an underlying pool in any one borrower would subject the collateralized debt obligation to a great degree of risk should the borrower default. Similarly, the concentration of a pool in any one industry would subject the collateralized debt obligation to a great degree of risk should the industry experience an economic downturn.

The value of collateralized debt obligations generally fluctuates with, among other things, the financial condition of the borrowers of the underlying assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in interest rates.

Finally, the underlying obligations that form collateral debt obligations are often given poor ratings by credit rating agencies. The lower ratings, as previously explained, reflect a greater possibility that adverse changes in an obligor's financial condition and/or in general economic conditions could affect the obligor's ability to make payments of principal or interest.

*Bank and Participation Loans:* DW may invest in bank loans and participation loans on behalf of its Clients. Participation loans are large loans made by multiple lenders to a single borrower. When investing in loans, there is always a risk that the borrower may default.

Investing in these loans involves unique risks such as: (1) lender-liability claims, which are claims under which borrowers allege that their lenders are not treating them fairly; (2) environmental liabilities that may arise with respect to collateral securing the loans; (3) limitations on its Clients' abilities to enforce their rights with respect to participation loans;

and (4) the possible invalidation of an investment transaction as a fraudulent conveyance to defer, hinder or defraud creditors under creditors' rights laws. DW's Clients will generally bear the costs of successful claims by third parties that arise from these and other risks. Because of the private syndication of loans and the unique and customized nature of loan agreements and the confidential information about the borrower that they contain, loans are not as easily purchased or sold as publicly traded securities. However, as the secondary market for loans continues to grow, new loans are increasingly adopting standardized documentation to facilitate loan trading. This may improve loan market liquidity. Nevertheless, there can be no assurance that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue.

*Convertible Bonds:* Convertible bonds are bonds that can be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. The holder of a convertible bond typically receives interest or a dividend until the security matures or is converted or exchanged. Convertible bonds are unique in that they generally (1) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (2) are less subject to fluctuation in value than the underlying security due to their fixed-income characteristics; and (3) provide potential for capital appreciation if the market price of the underlying security increases.

The value of a convertible security is a function of its "investment value" and its "conversion" value. A convertible security's investment value is determined by its yield in comparison to yields of other securities of comparable maturity and quality that do not have a conversion privilege. Changes in interest rates influence a convertible security's investment value. Investment values decline as interest rates increase and vice versa. The issuer's credit standing and other factors may also affect the convertible security's investment value. A convertible security's conversion value is determined by the market price of the underlying security. If the conversion value is low relative to the investment value, then the investment value principally governs the price of the convertible security. As the market price of the underlying security approaches or exceeds the conversion price, the conversion value will increasingly influence the price of the convertible security.

Convertible securities may be convertible only upon the occurrence of certain contingencies. If these contingencies fail to occur, this could also adversely affect DW's Client's ability to achieve its investment objective.

Convertible bonds may be subject to redemption at the issuer's option. If one of iDW's Clients' accounts holds a convertible bond that its issuer redeems, this could adversely affect its Client's ability to achieve its investment objective. Convertible securities may be convertible only upon the occurrence of certain contingencies. If these contingencies fail to occur, this could also adversely affect DW's Client's ability to achieve its investment objective.

*Investing in Loans Generally:* When investing in any type of loan, there is always the risk that a borrower made a material misrepresentation or omission in the process of obtaining the loan. This inaccuracy or incompleteness can adversely affect the valuation of the collateral underlying the loan and/or can adversely affect DW's ability to perfect or effectuate a lien on the collateral securing the loan.

*Trade Receivables and Trade Claims:* Trade receivables are obligations backed by the amounts due to a business from another company for the sale of goods or services. However, they are unsecured in that there is no underlying hard asset that can be repossessed in the event of non-payment. Two key features of trade receivables investments are that they are short term (typically a 60-day or less turn around) and non-interest bearing. Trade claims are unsecured rights of payment arising from obligations other than borrowed funds. Trade claims include vendor claims and other receivables that are adequately documented and available for purchase. The performance of trade receivables and trade claims depends in part on the obligor's current financial condition, competitive position in its industry and strategic direction. Investors in trade receivables and trade claims are also exposed to the risk of dilution, which occurs when the amounts invoiced by the obligor are reduced for reasons other than payment or default (for example, the return of goods, invoice errors, product disputes over quantity, quality or delivery). Finally, as with all debt investments, there is always a risk that the obligor may default on its payments.

*Residential Mortgage-Backed Securities:* Residential mortgage-backed securities are interests in packages of mortgage loans backed by residential property. Holders of residential mortgage-backed securities bear various risks, including credit, market, interest rate, structural and legal risks. Residential mortgage loans are the borrowers' obligation only and are not typically insured or guaranteed by any other person or entity. The rate of defaults and losses on residential mortgage loans is affected by a number of factors, namely general economic conditions and economic conditions in the area in which the property is located, the borrower's equity in the mortgaged property and the borrower's financial circumstances. If a residential mortgage loan defaults, foreclosure may be a lengthy, difficult and expensive process. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be quite limited.

At any one time, a portfolio of residential mortgage-backed securities may be backed by loans with disproportionately large principal amounts secured by properties in only a few states or regions. As a result, these loans may be more susceptible to geographic risks, such as adverse economic conditions, adverse events affecting local industries and natural hazards, than would be the case for a package of mortgage loans having more diverse property locations.

*Commercial Mortgage-Backed Securities:* Commercial mortgage-backed securities are interests in packages of mortgage loans that are backed by commercial property, such as apartments and retail shops. Typically, mortgage loans on commercial properties are structured so that a substantial portion of the loan principal is payable at maturity (rather than during the course of the loan term). Thus, repayment of the loan principal often depends on the future availability of real estate financing and/or the future value and salability of the real estate. If real estate financing is unavailable at that time or borrowers are unwilling to refinance or dispose of encumbered property to pay off the loans, the loans may default.

Most commercial mortgage loans underlying mortgage-backed securities are nonrecourse obligations, which means that there is no recourse against the borrower's assets other than confiscating and selling the property (foreclosure). Foreclosure can be costly and delayed by litigation or bankruptcy. When considering factors such as the property's location, the legal status of title to the property, the property's physical condition and financial performance, environmental risks and governmental disclosure requirements with respect to the property's condition, a third party may be unwilling to purchase the property at a foreclosure sale or pay a price sufficient to satisfy all of the borrower's obligations. In addition, the borrower may retain revenues from the underlying property or use the revenues to pay others.

Diverted revenue generally cannot be recovered without a court-appointed receiver to control cash flow related to the property.

*Distressed Mortgage-Backed Securities:* On behalf of DW's Clients, it may purchase securities backed by mortgage loans on which the borrowers are or were having trouble making payments. These mortgage-backed securities may include loans in default or loans that may have a greater than normal risk of future defaults, delinquencies, bankruptcies or losses due to fraud. Returns on investments in mortgage-backed securities depend on the borrowers' ability to make required payments and, if a borrower defaults, the ability of the loan's servicer to foreclose and liquidate the underlying mortgage loans.

*Asset-Backed Securities:* Asset-backed securities are securities backed by assets other than mortgages or other mortgage-related assets. Credit card receivables, automobile and recreational vehicle loans, student loans, equipment leases, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, royalty streams and various types of accounts receivable commonly support asset-backed securities. Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, asset-backed securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and credit card debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give debtors the right to set off certain amounts owed on the credit cards, reducing their balance due. The risk of investing in asset-backed securities is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting asset-backed securities is usually of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. The value of an asset-backed security is affected by changes in the market's perception of the assets backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

*Municipal Bonds:* A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures. Municipal bonds are generally exempt from federal taxes and from most state and local taxes.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. State constitutions or laws may limit the taxing powers of any governmental entity and an entity's credit will depend on many factors, including the entity's tax base, the extent to which the entity relies on federal or state aid, and other factors beyond the entity's control.

Municipalities are subject to a particular chapter of the U.S. Bankruptcy Code which generally provides for fewer creditors' rights than those typically afforded to creditors of businesses. In addition, revenue bonds issued by municipalities to finance the development of low-income, multi-family housing involve distinct risks in addition to those associated with municipal securities generally.

*Leverage/Borrowing:* DW may borrow against the assets of its Clients when DW believes that the proceeds from doing so will exceed the interest paid on the borrowing. Borrowing involves risk to DW's Clients because the interest on the borrowed amount may be greater than the income from or increase in the value of the securities purchased with the borrowed

amount. Also, the value of the securities purchased with the borrowed amount can decline below the amount borrowed.

Any investment profits made with the proceeds from borrowings in excess of interest paid on the borrowings will cause the income and value of a Client's account to be greater than would otherwise be the case. On the other hand, if the value of the additional securities purchased with the borrowed money does not increase enough to cover the interest paid on the borrowings, then the income and value of a Client's account will be less than would otherwise be the case. Generally, borrowing-type techniques used to increase potential returns are all forms of leverage.

Ultimately, to the extent DW employs leverage, its Clients' assets will tend to increase or decrease at a greater rate than if DW did not utilize borrowed money.

*Margin Transactions:* To increase their buying power, sometimes DW engages in margin transactions on behalf of its Clients. Trading on margin is a form of leverage. Specifically, when DW trades on margin, its Clients are borrowing from a broker to purchase more securities than they otherwise would be able to with their initial cash investment. The securities purchased on margin serve as collateral for the broker's loan. Trading on margin is risky because it not only can increase gains, but also can amplify losses to the point where a Client may lose more than its initial investment.

DW may employ short-term margin borrowing, which can be especially risky. For example, should the collateralized securities decline in value, a Client could be subject to a "margin call," under which it must either deposit additional funds or securities with the broker or sell the pledged securities to compensate for the decline in value. If the value of a Client's assets suddenly drops, DW might not be able to liquidate the Client's assets quickly enough to satisfy its margin requirements.

*Hedging Transactions:* On DW's Clients' behalf, it often engages in hedging transactions. Employing hedging techniques reduces a portfolio's vulnerability to various risks. Hedging entails determining certain risks in one's portfolio and making trades to offset those risks. For instance, if DW buys stock in a company, DW may also short the stock of a competitor company. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but rather it establishes other positions designed to gain from those same developments, moderating the decline in the portfolio positions' value. On the other hand, hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase.

The success of a Client's hedging strategy is subject to DW's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. There is a risk that DW may not always choose the right variable to hedge against. Also, it is important to note that DW may not always choose to hedge against, or might not anticipate, certain risks, and, DW's Clients' portfolios will always be exposed to certain risks that cannot be hedged.

Many other investment strategies DW employ can be used as hedging techniques, such as options, futures contracts, forward contracts, swaps, currency transactions and short selling.

*Futures:* A future, also known as a futures contract, is a contractual agreement to buy or sell a particular commodity or financial instrument at a pre-determined price in the future. At times, futures may be illiquid investments because certain commodity exchanges limit fluctuations in particular futures contract prices during a single day. Once the price of a futures contract has increased or decreased by an amount equal to the daily limit, that contract cannot be traded unless traders are willing to trade it within that limit. This could prevent us from promptly selling unfavorable contracts and thus would subject DW's Clients to substantial losses. There is also the risk that an exchange or the Commodity Futures Trading Commission may suspend trading, order immediate liquidation or settlement in a particular contract. This could also prevent us from promptly selling unfavorable contracts.

Specifically, DW may invest in Eurodollar futures. Eurodollars are U.S.-dollar denominated deposits at foreign banks or foreign branches of U.S. banks. Eurodollar futures contracts enable purchasers to obtain a fixed rate for the lending of funds and sellers to obtain a fixed rate for borrowing funds. The final settlement of Eurodollar futures is based on the LIBOR (London Interbank Offered Rate).

DW may also purchase and sell futures contracts based on major stock indices, such as the S&P 500. A stock index fluctuates with changes in the market values of the stocks included in the index. Accordingly, the success of futures on stock indices is subject to its ability to correctly predict movements in the direction of the stock market generally or of a particular industry or market segment.

*Forwards:* A forward, or a forward contract, is a contract between two parties to buy or sell an asset at a specified future date at a price agreed upon at the time the contract is made. It is very similar to a futures contract, except forward contracts are negotiated privately and are not traded on an exchange, and thus, are not subject to limitations on daily price moves. On the other hand, this means that there is not a big secondary market for forwards, which means they may be difficult to sell should they become unfavorable for DW's Clients.

*Options:* There are certain risks associated with the sale and purchase of options. DW may, on behalf of its Clients, invest in call and/or put options. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period. A buyer of either type of option assumes the risk of losing its entire investment in the option. A buyer of a call option risks losing its investment if the particular security never reaches the designated price within the set time period. A buyer of a put option risks losing its investment if the particular security does not decline enough to reach the designated price within the set time period.

DW may trade options over-the-counter, instead of on an exchange. The risk of nonperformance by opposing parties on over-the-counter options is typically greater than the risk of nonperformance on exchange-traded options. Also, options not traded on exchanges are not subject to the same level of government regulation as are exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with over-the-counter transactions.

Not only will DW buy and sell traditional equity stock options on behalf of its Clients, but DW may buy and sell options on any of the instruments that it discusses in this section.

*Interest Rate Swaps:* An interest rate swap is a contract between two parties under which parties exchange interest rates on a principal amount. The principal amount is never exchanged but is used to calculate each party's interest payments. For example, A pays B a

fixed rate of interest on the principal and B pays A a variable rate of interest on the principal. There is always the risk that interest rates will go in an unanticipated direction, which could result in losses to DW's Clients. The risk also exists that the other party will default and be unable to complete the contract, which could also result in losses to its Clients.

*Equity Securities:* DW may buy equity securities, seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, DW's Clients may suffer losses if it purchases equity instruments of issuers whose performance diverges from its expectations or if equity markets generally move in a downward direction and DW have not hedged against this type of move (see above for an explanation of hedging).

*Short Selling:* Short selling of securities occurs when DW borrow securities, promising to buy them at a later date. If the price drops, DW can buy the securities at the lower price and make a profit on the difference. If the price of the securities rises, DW has to buy them back at the higher price, and the investment loses money. Buying the securities can itself cause the price of the securities to rise further which would exacerbate the potential for loss.

*Global Securities:* DW buys and sell securities issued outside of the United States for its Clients' accounts. Investing in global securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuation between exchange rates and the costs of converting from one currency to another. DW's investment theses may work out the way it anticipated in local currency terms, yet its Clients may still suffer losses in dollar terms if currencies move in ways DW do not anticipate or hedge.

In addition, there may be less information available regarding global securities because companies and governments in other countries may have different standards of accounting, auditing and financial reporting compared to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that withholding or other taxes may be imposed on DW's Clients' income. DW also may have less familiarity with legal systems in other countries.

*Currencies:* DW may, on behalf of its Clients, enter into transactions to purchase or sell one or more currencies to hedge a currency exposure created by other investment activities. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses to DW's Clients.

*Illiquid Investments:* On behalf of DW's Clients, it may, from time to time, make illiquid investments or make investments that become illiquid. Illiquid investments are investments that are not heavily traded and cannot easily be converted to cash. If any of DW's Clients requires cash and it must sell illiquid investments at an inopportune time, DW might not be able to sell such investments at prices that reflect DW's assessment of their value or the amount paid for them. The sale of restricted and illiquid securities often requires more time and results 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 over-the-counter markets.



*Limited Number of Investments:* At times, DW's Clients may only participate in a limited number of investments. Consequently, the success of each of those Clients could be substantially adversely affected by the unfavorable performance of a single investment.

*Short-Term Debt:* Client assets not being utilized to effect the above strategies may be held in custody or placed in money market instruments, such as U.S. treasury bills and short-term certificates of deposit. Money market instruments typically do not carry much risk of loss; however, their potential for gain is negligible when compared to other strategies mentioned above.

- (C) DW's investment strategy focuses on utilizing a number of diversified credit instruments. DW encourages its Clients to consider all of the risk factors it has explained, as any investment can be risky and its Clients must be prepared to assume any potential loss.

**Item 9. Disciplinary Information.**

There are no legal or disciplinary events which DW believes are material to its Clients' or prospective client's evaluation of its advisory business or the integrity of DW's management.

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

- (A) Neither DW, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.
- (B) DW is a registered CPO and NFA member (and also a Swap Firm). DW is exempt from CTA registration under 4.14(a)(4).
- (C) David Warren is registered as an Associated Person of a CPO and is an NFA Associate Member. He is also approved as a principal of a CPO and is also a Swap Associated Person.

Jennifer Drake is registered as an Associated Person of a CPO and is an NFA Associate Member.

DW nor any of our directors, officers or principals has any affiliations in which DW or any of our directors, officers or principals would be under common control or ownership with any of the following related persons: (1) broker-dealer, municipal securities dealer or government securities dealer or broker; (2) an investment company; (3) another investment adviser or financial planner; (4) a futures commissions merchant, commodity pool operator or commodity trading adviser; (5) a banking or thrift institution; (6) an accountant or accounting firm; (7) a lawyer or law firm; (8) an insurance company or agency; (9) a pension consultant; (10) a real estate broker or dealer; or (11) a sponsor or syndicator of limited partnerships.

The entities below act in the following roles with respect to the identified Client funds, each of which is a pooled-investment vehicle:

DW General Partner, LLC acts as managing general partner to DW Catalyst Onshore Fund, LP.

DW General Partner, LLC acts as managing general partner to DW Value Onshore Fund, LP.

Employees of DW and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which Clients of DW may invest. Employees of DW may also from time to time serve on the board of directors or a creditors committee relating to companies in which Clients of DW may invest. As a result, DW and the Clients of DW may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on clients of DW.

DW has filed a single Form ADV with DW II, a relying adviser, in reliance on the no-action letter issued to the American Bar Association, Business Law Section by the SEC dated January 18, 2012. As discussed earlier DW and its related persons are, directly or indirectly, the general partner, limited partners and/or managing members of the general partner of each of the DW Funds. DW and its related persons may spend substantially all of their business time on one or more of the DW Funds.

- (D) DW does not recommend or select other investment advisers for its Clients.

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

- (A) Code of Ethics. DW has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940. DW’s Code works to ensure that its employees conduct certain personal securities transactions in a manner consistent with DW’s fiduciary duty to its Clients and to promote compliance with legal and regulatory requirements. The key policies under our Code of Ethics are as follows: (1) The Firm and its employees have a fiduciary duty to its Clients; (2) The Firm and its employees must identify and comply with all applicable federal securities laws; (3) the employees must report personal securities transactions; (4) The Firm and its employees must not trade for personal accounts ahead of its Clients; (5) Any person with knowledge of violations of federal securities laws, DW’s Code, or the policies and procedures set forth in its Compliance Manual must report this knowledge to its CCO and/or appropriate supervisory personnel; (6) The Firm must provide its Code and any amendments to all of DW’s employees; (7) DW will retain written acknowledgements from all of its employees that they received, understand and abide by its Code of Ethics and any amendments.

The scope of the Code includes all key areas of activity, communication and behavior of employees and affiliates, such as: personal trading, insider trading, compliance with applicable securities laws and regulations, conflicts of interest, safeguarding information, confidentiality, gifts and entertainment.

Generally, DW employees may not effect transactions in securities for their own account, or for accounts in which they have an interest or control where such securities are simultaneously contemplated for purchase or sale for Client accounts or are already held in Client accounts. DW procedures for effecting personal trades by employees begins with an employee requesting authorization/obtaining a written pre-approval from its CCO before trading in any securities for their personal accounts, subject to a few exceptions, such as trading in government bonds or holding money market funds, or when an external adviser has complete discretionary authority over an employee’s account.

DW’s CCO may refuse to approve any proposed transaction for any reason, particularly if the transaction may pose a conflict of interest with its fiduciary duty to DW’s Clients. If DW’s CCO decides to approve an employee’s personal trades of securities that DW’s Clients hold or securities related to those that its Clients hold, then DW’s CCO may require that the

employee (1) hold the securities for as long as DW's Clients hold the securities or (2) sell the securities if DW subsequently make investments for its Clients and DW determine that the two positions have divergent interests. In addition, if DW's CCO decides that a conflict exists between an employee's personal trades of securities and DW's Clients, then its CCO may require that employee to unwind the personal trades. Further, employees may not time personal trades to precede orders of the same or similar securities that DW place for its Clients, nor should their trading activity be so frequent as to conflict with the employee's ability to fulfill his or her job responsibilities. In fact, DW require that all employees hold all securities they trade for periods of at least 30 days. Finally, if an employee receives approval to trade in the same securities in which DW are investing for its Clients, he or she must trade the securities in the same direction as DW are investing for its Clients and may do so only after its Clients have established their desired positions.

It is important to note, employees may not trade in securities that DW maintain on its "Restricted List," which contains the names of securities or companies about which its Firm, DW's employees or BHCM or its affiliates may have material nonpublic information.

In addition, employees must submit periodic holdings and transaction reports for all securities over which they have direct or indirect influence or control to DW's CCO so that DW can confirm that all employees are complying with its personal trading policies and procedures. Specifically, DW's CCO, or his designee, monitors all employees' securities reports to detect abusive behavior. Any personal trading that appears abusive may result in further inquiry by DW's CCO and/or sanctions.

The personal trading policies and procedures DW have described above apply not only to employees and their personal accounts but to certain of their family members and their accounts as well.

The restrictions above are subject to certain *de minimis* provisions and may be waived upon consent of the CCO based on individual circumstances.

DW does not routinely allow Clients to purchase securities from each other (commonly called a "cross trade.") However, in certain circumstances, DW may determine that it is in the best interests of its Clients to effect a cross trade. In these circumstances, and only following extensive compliance review, DW engage unaffiliated brokers or custodians to effect DW's Clients' cross trades. DW instructs brokers and custodians to execute DW's Clients' cross trades at the midpoint between the current best bid price and current best offer price. Both participating Clients share equally in any transaction costs resulting from cross trades. DW will attempt to ensure that any conflict of interest that it is aware of is resolved fairly. Prior to execution of a cross transaction, a person familiar with the trade will be responsible for preparing a brief memorandum setting forth the reasons why the transaction is suitable for each client involved (including differences in invested positions, investment objectives, risk tolerances, and tax situations). The officer or employee who prepared the memorandum must sign it and seek approval from our firm's Chief Compliance Officer.

Copies of DW's Code of Ethics are available to any Client or prospective Client upon request via:

DW Partners, LP  
Attn: Chief Compliance Officer  
590 Madison Ave, 9th Floor, New York, NY 10022

Email request: [Shawn.Singh@DWPARTNERS.com](mailto:Shawn.Singh@DWPARTNERS.com)

**Item 12. Brokerage Practices.**

(A) As part of DW's fiduciary duty to its Clients, DW has an obligation to seek "best execution" for all trades, to trade securities in a manner that is fair to each of DW's Clients and to exercise diligence and care throughout the trading process. Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. In selecting broker-dealers and determining the reasonableness of their commissions for DW's Clients' transactions, DW strives to achieve "best execution" by taking into account any combination of the following factors:

- net price to Client,
- market impact,
- expertise in particular markets,
- research provided,
- ideas provided,
- confidentiality of trading activity,
- willingness and terms to finance,
- counterparty exposure,
- financial condition,
- in which venues a broker-dealer can trade and
- execution speed (if relevant).

If DW determine, in good faith, that any commissions a broker charges or the prices a dealer charges are reasonable in relation to the value of services that DW and its Clients receive, DW's Clients may pay commissions or prices that are greater than those another broker or dealer might charge.

Research and "Soft Dollars" "Soft dollars" refers to an arrangement in which an investment firm may pay higher prices to buy securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with investment and research information. Except as described below, DW will make decisions involving "soft dollars" in a manner that satisfies the requirements of the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. However, if DW chooses to engage in soft dollar arrangements in the future, DW will adopt appropriate allocation policies and procedures.

While DW does not currently utilize soft dollars, BHCM does engage in soft dollar arrangements. Consequently, DW's Clients may benefit from these arrangements and it may indirectly benefit from these arrangements. In addition, some of DW's Clients have authorized the firm to utilize soft dollars in connection with managing their accounts, so it is conceivable that DW may engage in soft dollar arrangements in the future.

The research services that broker-dealers might provide under soft dollar arrangements include:

- written information and analyses concerning specific securities, companies or sectors,
- market, financial and economic studies and forecasts,
- statistics and pricing or appraisal services,
- discussions with research personnel and

- invitations to attend conferences or meetings with management or industry consultants.

If DW chooses to utilize soft dollar benefits in the future, the availability of these benefits could influence us to select one broker-dealer rather than another to perform services for Clients, based on our interest in receiving the products and services instead of on our Clients' interest in receiving the best execution prices. Obtaining these benefits could cause our Clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research could create a conflict of interest between our firm and our Clients because our Clients could pay for products and services that would not be exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm. To the extent that DW could acquire these products and services without expending our own resources, the use of soft dollar benefits could increase our profitability.

**(B) Trade Aggregation and Allocation**

DW often finds trades that are appropriate for more than one of our Clients. DW therefore often execute an aggregate trade, which DW then allocate to our Clients' accounts at the time of confirmation in a fair manner.

When deciding how to allocate an aggregated order, DW typically consider any combination of the following factors:

- the amount of capital, and the amount of available capital, in each Client's account;
- each Client's investment mandates;
- each Client's risk profile;
- how much DW have already invested for each Client in this type of trade; and
- whether the trade is too small to be broken into smaller allotments.

Ultimately, Clients may benefit when DW aggregates trades it receives volume discounts on execution costs. To avoid any disadvantages to any of our Clients due to potential adverse price movements, it is our policy not to buy or sell the same securities for one Client account before doing so for another, unless doing so is necessary because of disproportionate withdrawals from or influxes of capital into a particular Client account.

**Trade Errors.** DW has procedures designed to minimize mistakes made in executing trades. However, trade errors and miscommunications with broker-dealers and counterparties may occur and result in losses to a Client. DW will endeavor to detect trade errors quickly and correct and/or mitigate them in an expeditious manner. DW attempts to minimize trade errors by promptly reconciling its daily blotter reports with trades as recorded in its order management system.

To the extent an error is caused by a counterparty, DW will attempt to recover any loss associated with such error from such counterparty. Any costs or losses resulting from trade errors or order errors may be borne by a Fund unless such errors are due to actions by DW for which DW would not be entitled to indemnification. Clients should assume that the Funds will be responsible for any resulting losses.

**Item 13. Review of Accounts.**

- (A) Our Chief Investment Officer regularly reviews the securities held by our Clients that DW traded. He holds monthly portfolio risk meetings with our portfolio managers and DW's Risk Officer. In addition, our Chief Investment Officer receives a daily email describing all trades that our firm has executed for the prior trading day and meets frequently with our portfolio managers to discuss individual trades and aggregate trading strategies. Our Chief Investment Officer pays greater attention to losing positions as well as winning positions that are reaching price targets. Our CCO and Compliance Department also monitor daily trading activity.
- (B) Reviews may be triggered by material market, economic or political events, by changes in a Client's asset level or by a request of the CCO.
- (C) DW prepares a monthly written investor letter for the DW Funds.

**Item 14. Client Referrals and Other Compensation**

- (A) In connection with managing our Clients' accounts, our firm receives asset-based fees and performance-based fees from the DW Funds, as DW have described in Section 2: Fees and Compensation. DW does not, nor does any of our employees, receive any other economic benefit from non-Clients for providing advisory services to our Clients.
- (B) DW may enter into arrangements with third party marketers to introduce us to potential investors for the Clients DW advises. Any referral fees DW may pay to a third party for successful introductions will be borne solely by our firm, and not by any Clients or their investors.

**Item 15. Custody.** Under the Custody Rule, DW is deemed to have custody of Client assets. DW does not, however, have physical or constructive custody of any Client funds or securities. Nonetheless, in order to comply with the Custody Rule, DW maintains the custody of such managed assets with prime brokers and custodians. DW also audits the Funds annually and distributes annual audited financial statements to Fund investors within 120 days of the fiscal year-end.

**Item 16. Investment Discretion.** As noted in Item 4., DW accepts discretionary authority to manage securities portfolios for our Clients. Essentially, this means that DW has the authority to determine, without obtaining specific Client consent, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, DW is committed to adhering to the investment objectives and program set forth in each of our Clients' investment management agreements and confidential private placement memorandum. By entering into investment management agreements with us, our Clients give us complete authority to manage our Clients' assets in accordance with their investment objectives and program.

**Item 17. Voting Client Securities.** DW has the authority to vote the proxies of any investments in the portfolios that DW manage for our Clients. In addition to voting proxies for equity securities, DW may also vote on corporate actions such as restructurings, bankruptcy reorganizations and mergers, and similar events related to our Clients' debt (and other) investments. DW votes each Client proxy in accordance with our fiduciary duty to our

Clients. Our portfolio managers decide how DW vote each proxy, seeking to vote in a manner that maximizes the value of each Client's assets and that is in each Client's best interest. DW may abstain from voting a Client's proxy if DW determine that doing so is in the best interest of the Client.

Our CCO documents any potential material conflicts of interest and may consult with outside counsel or other third parties regarding the potential conflicts.

Our CCO maintains records of all of our proxy votes. Upon request by our Clients, our Clients can obtain (1) records of proxy votes on their behalf and (2) a copy of our proxy voting policies and procedures.

**Item 18. Financial Information.**

- (A) Under no current circumstances will DW require or accept fees in advance of services rendered.
- (B) DW is not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our Clients.
- (C) DW has never been the subject of a bankruptcy petition.