

**ITEM 1  
COVER PAGE**

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

**DEAN VENTURES MANAGEMENT, LLC**

March 30, 2015

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*This brochure provides information about the qualifications and business practices of Dean Ventures Management, LLC. If you have any questions about the contents of this brochure, please contact us at (703) 506-3900 or [ogg@dean.com](mailto:ogg@dean.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Dean Ventures Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

Below are the material changes since the last annual update of this brochure, which was dated March 31, 2014.

The Investment Adviser is currently owned by DC Funds, LLC and Tonawanda Funds, LLC. DC Funds, LLC is managed by Dean L. Wilde II, with Tonawanda Funds, LLC managed by James Smist.

There have been some changes to the Adviser's strategy and associated risks as well as revisions to the Adviser's trading policies.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm.**

Dean Ventures Management, LLC, a Delaware limited liability company (the "Investment Adviser") has been in business since 2011 with an office in Vienna, Virginia. It has been serving as an investment adviser since February 2012. DC Funds, LLC (managed by Dean L. Wilde II) and Tonawanda Funds, LLC (managed by James P. Smist) are principal owners (each, a "Principal Owner") of the Investment Adviser and control the Investment Adviser. A revocable trust of Mr. Wilde owns the member interests in DC Funds, LLC related to the Investment Adviser, with a revocable trust of Mr. Smist owning the member interests of Tonawanda Funds, LLC related to the Investment Adviser (each, an indirect "Principal Owner"). Messrs. Wilde and Smist are the Managing Board members of the Investment Adviser, with Mr. Wilde also the Managing Director and Chief Executive Officer and Mr. Smist also the Managing Director and President of the Investment Adviser. Messrs. Wilde and Smist have ultimate responsibility for the management, operations and the investment decisions made by the Investment Adviser.

#### **B. Description of Advisory Services.**

The Investment Adviser serves as the manager with discretionary trading authority to private pooled investment vehicles, the securities of which are offered to the Principal Owners, their related companies, and senior employees of affiliates of the Investment Adviser on a private placement basis (each, a "Fund" and collectively, the "Funds"). The Funds include (1) Dean Ventures II, LLC ("DV II"), (2) Dean Ventures III, LLC ("DV III"), (3) Dean Ventures V, LLC ("DV V"), (4) Dean Ventures IX, LLC ("DV IX"), (5) Dean Ventures XV, LLC ("DV XV"), (6) Dean Ventures XVI, LLC ("DV XVI"), (7) Dean Ventures 20, LLC ("DV 20"), (8) Dean Ventures 30, LLC ("DV 30"), (9) Dean Ventures 50, LLC ("DV 50"), (10) Dean Ventures 90, LLC ("DV 90"), (11) Dean Ventures 150, LLC ("DV 150"), (12) Dean Ventures 160, LLC ("DV 160"), (13) Dean Ventures Multi Strategy Fund, L.P. ("DVMSF"), and (14) Dean Ventures II Holdings, LLC ("DV2H"). Except for DVMSF, each Fund is a Delaware limited liability company. DVMSF is a Delaware series limited partnership. Currently, DVMSF has issued one series (Series A) to investors, but may issue additional series (Series B and/or Series C) in the future. The DVMSF references in this Brochure are to DVMSF generally or to DVMSF Series A specifically. DV II invests substantially all of its assets in DV III, DV V, DV IX, DV XV, and DV XVI. DVMSF and DV2H both invest substantially all of their assets in DV II. DV 20 invests substantially all of its assets in DV 30, DV 50, DV 90, DV 150, and DV 160.

As used herein, the term "client" generally refers to each Fund.

*This Brochure generally includes information about the Investment Adviser and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.*

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other*

*exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein.*

C. Availability of Customized Services for Individual Clients.

Clients may impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs.

The Investment Adviser does not participate in wrap fee programs.

E. Assets Under Management.

Based on a valuation as of December 31, 2014, the Investment Adviser manages approximately \$334,615,612 of client assets on a discretionary basis. As of March 30, 2015, the Investment Adviser does not manage any client assets on a non-discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Fees and Compensation.**

At this time, the Investment Adviser is compensated by the Funds through a reimbursement or payment of the Investment Adviser's expenses related to managing the Fund, providing administrative support to the Fund, and investing such Funds assets (the "Expense Reimbursement"). In the sole discretion of the Investment Adviser, the Expense Reimbursement may be waived, reduced or calculated differently with respect to certain investors.

#### **B. Payment of Fees.**

The Investment Adviser may deduct the Expense Reimbursement from a client account or, in the alternative, the Investment Adviser may bill the client.

#### **C. Additional Fees and Expenses.**

The Funds bear their own operating and other expenses and also may bear a share of any investee Fund's expenses, including, but not limited to, investment-related expenses (*e.g.*, brokerage commissions and transaction costs, clearing and settlement charges, custodial fees, interest expense, consulting, investment banking and any other professional fees or compensation relating to particular investments or contemplated investments, investment-related travel and lodging expenses and research-related expenses, including, without limitation, quotation equipment and services), fees and expenses relating to software tools, programs or other technology utilized in managing the Funds (including, without limitation, technology to measure risk), research and market data (including any computer hardware and telephone lines incorporated into the cost of obtaining such research and market data), expenses related to risk management provided by third-parties, third-party valuation services, legal expenses, internal and external accounting, audit and tax preparation expenses, organizational expenses, compliance expenses (including but not limited to software, consulting, hardware, salaries), expenses related to regulatory, National Futures Association, and counterparty filings and reports, expenses relating to the offer and sale of interests, entity-level taxes, expenses related to the maintenance of the Funds' registered office, corporate licensing, extraordinary expenses and other similar expenses related to the Funds. The Funds will reimburse the Investment Adviser for costs incurred by or charged to the Investment Adviser associated with the Investment Adviser managing the Funds and/or providing investment advisory services to the Funds. In the Investment Adviser's sole discretion, the reimbursable expenses may be waived, reduced or calculated differently with respect to certain investors.

#### **D. Prepayment of Fees.**

Generally, Clients do not pay expenses or fees in advance. However, a Client could pre-pay. If the advisory relationship between the Fund and the Investment Adviser was terminated before the billing period ended, then any pre-payments would be refunded by the Investment Adviser. Generally, the Investment Adviser would refund any pre-payment at or around the time of the final distribution, but the Fund could also request the

pre-payment. The pre-payment refund would be the difference between the actual expenses through termination and the advance payment. The refund would be in cash.

E. Additional Compensation and Conflicts of Interest.

Neither the Investment Adviser nor any of its supervised persons accept compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

**ITEM 6**  
**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

At this time, the Investment Adviser does not accept performance-based compensation from any client. As a result, the Investment Adviser and its affiliates generally do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients.

**ITEM 7**  
**TYPES OF CLIENTS**

The Investment Adviser generally provides investment advice to the Funds as described above. The clients are pooled investment vehicles. Except for DVMSF, there is no minimum investment required. For DVMSF, there is a \$5,000 minimum investment.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **A. Methods of Analysis and Investment Strategies.**

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

The Investment Adviser is a proprietary investment and trading adviser that uses an analytical approach to identify and transact investment opportunities globally. The Investment Adviser's research is conducted internally. The Investment Adviser employs a variety of proprietary methods, including quantitative investment analysis, fundamental economic research, strategy generation, portfolio optimization, trading tests, and ongoing tracking and analysis to formulate its investment strategies. The relative performance of the Investment Adviser is expected to be enhanced by its emphasis on sophisticated analytic methods, extensive data sets and research methods and an experienced professional team operating in a stable institutional structure. While strategies are developed and screened against what the Investment Adviser believes are impartial and rigorous quantitative methods, the investments are also analyzed with qualitative investment methods applied at both the investment and portfolio level.

The Funds invest in a wide range of, and changing, strategies. In general, the Funds focus on one or more of the following assets (investment strategies):

- (1) Equities: equity securities, ETFs, ETNs, related options, and total return swaps on each of these instruments (long/short fundamental stock selection, long/short technical strategies, pairs trades, speculative directional positions)
- (2) Fixed Income: investment grade corporate bonds, non-investment grade corporate bonds, US Treasury bonds, non-US sovereign bonds, foreign corporate bonds, mortgage-backed securities (long positions, short positions, credit spread speculation, interest rate hedging, interest rate speculation, inflation speculation and inflation hedging)
- (3) Currencies: spot transactions, currency forwards, non-deliverable forwards, and currency options (FX carry, FX speculation, FX volatility speculation)
- (4) Futures and Other Derivatives: VIX futures, VIX options, equity and equity index futures, equity options, LME futures, LME options (for hedging purposes), commodity options (for hedging purposes), and Eurodollar Futures (interest rate hedging, volatility speculation, volatility term structure)

speculation/carry, hedging, and equity index speculation), credit default swaps, volatility swaps, and variance swaps (credit speculation, credit hedging, volatility hedging and volatility speculation), and derivatives on global dividend futures (speculation).

(5) Cash Management: Corporate Floating Rate Demand Notes and Repos.

The Investment Adviser uses some or all of the following techniques and tools depending on market conditions and strategy allocation: hedging (such as interest rate hedging), leverage, repurchase agreements, securities lending and short selling.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser.*

**General Investment and Trading Risks** - All investments made by Investment Adviser on behalf of a Fund risk the loss of capital. An investment in a Fund is subject to all of the risks normally associated with the purchase and sale of securities, including, among others, the difficulty of accurately predicting price movements in particular securities or the market as a whole, including the difficulty of assessing the impact a multitude of economic and other events will have on prices. The Investment Adviser's investment program may utilize a wide range of investment techniques such as derivative transactions, limited diversification, margin transactions, short sales and futures and forward contracts, which practices can, in certain circumstances, substantially increase the adverse impact to which a Fund may be subject and, if unsuccessful, could result in a complete loss of an investor's investment in the Fund. While the Investment Adviser believes that its investment program and research techniques moderate these risks to a certain degree through a careful selection of securities and other financial instruments, no guarantee or representation is made that such investment program will be successful.

**Concentration of Holdings** - The investments of the Funds will be focused on the securities and certain commodities industries, and in establishing its portfolio positions, the Investment Adviser may emphasize concentration, rather than diversification. Therefore, a Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among industry sectors and markets. This limited diversity could expose a Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

**Competition; Availability of Investments** - Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Investment Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles and other investors may reduce the availability of investment opportunities.

***Risk of Economic Slowdown*** - There may be a slow down in the global economy, which may affect the success of the Funds' activities. Such slow down may affect interest rates, availability of credit, inflation rates and currency exchange rates, which in turn may have a negative impact on the Funds' investments.

***Leverage*** - The Funds may directly or indirectly use borrowings for the purpose of making investments. The use of borrowing creates special risks and may significantly increase a Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase a Fund's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the net asset value of a Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of a Fund may decrease more rapidly than would otherwise be the case.

In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any commodity futures contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase 10 percent of the price of a futures contract is deposited as margin, a 10 percent decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a commodity contract may result in losses in excess of the amount invested.

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

***Hedging Transactions*** - The Funds may directly or indirectly (but is not required to) utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Funds' financial instruments; (vii) protect against any increase in the price of any financial instruments the Investment Adviser anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Adviser deems appropriate. The Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally.

The success of the Investment Adviser's hedging strategy will be subject to the Investment Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change

or time passes, the success of the Investment Adviser's hedging strategy will also be subject to the Investment Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. For a variety of reasons, the Investment Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged.

***Counterparty Insolvency*** - There is the possibility that the institutions, including but not limited to brokerage firms and banks, with which the Funds directly or indirectly do business, or with whom securities, derivatives or collateral may be entrusted for custodial purposes, will encounter financial difficulties or fraud that may impair the operational capabilities or the capital position of the Funds. If one or more of a Fund's broker-dealers, brokers, FCMs, counterparties, etc. were to become insolvent or the subject of liquidation proceedings (both in and out of bankruptcy), there exists the risk that the recovery of a Fund's securities and other assets from such will be delayed or result in a recovery that is less than the value of the securities or assets originally entrusted to such entity. These risks may be especially significant where a Fund deal with foreign counterparties, custodians and clearing agencies, all of which may not be subject to comparable regulation as in the United States.

In addition, the Funds may directly or indirectly use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to a Fund, which could be material.

***Necessity for Counterparty Trading Relationships; Counterparty Risk*** - The Funds have directly or indirectly established relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Funds to directly or indirectly trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships. An inability to obtain or maintain such relationships would limit a Fund's trading activities could create losses, preclude a Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent a Fund from investing on optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before a Fund establishes additional relationships could have a significant impact on such Fund's business due to such Fund's reliance on such counterparties.

Many of the markets in which the Funds directly or indirectly invest are not "exchanged-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight to

which members of “exchange-based” markets are subject. Different evaluation and oversight of over-the-counter markets exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Funds are not restricted from dealing with any particular counterparties. The Investment Adviser’s evaluation of the creditworthiness of their counterparties may not prove sufficient. It is possible that counterparties may not release cash posted as collateral as a Fund requires in order to consummate investments and/or to pay redemptions. The lack of a complete and “foolproof” evaluation of the financial capabilities of a Fund’s counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

***Execution of Orders*** - The Investment Adviser’s investment strategies and trading strategies depend on its ability to directly or indirectly establish and maintain an overall market position in a combination of financial instruments selected by the Investment Adviser. The Funds’ trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to the Funds, the Investment Adviser or the Funds’ counterparties, brokers, dealers, agents or other service providers. In such event, a Fund might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, such Fund might not be able to make such adjustment. As a result, a Fund would not be able to achieve the market position selected by the Investment Adviser, which may result in a loss.

***Non-U.S. Investments and Emerging Markets*** - Investing in the securities of companies or commodities or other products located outside the U.S. (including, western countries, “emerging market” countries and underdeveloped countries) involves certain considerations not usually associated with investing in securities of U.S. companies or U.S. commodities, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds’ investment opportunities.

In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information is available to shareholders of companies located in such countries than is available to shareholders of companies located in the U.S. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associate risks, are not expected to be highly correlated with each other and may behave in unpredictable ways. There is also less regulation, generally, of the securities markets in non-U.S. countries.

The Funds may be subject to additional risks which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage, stamp or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Furthermore, a non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Funds may have limited recourse in the event of a default. Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if the Funds invest significantly in a particular country.

Investment in emerging market securities and underdeveloped markets involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, a Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities or derivatives, such as banks and other financial institutions, may be subject to less stringent regulations in emerging markets than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

While the Investment Adviser will take these factors into consideration in making investment decisions for the Funds, no assurance can be given that they will be able to fully avoid these risks.

***Systems Risks*** - The Funds depends on the Investment Adviser to develop and implement appropriate systems for the Funds' activities. The Funds rely extensively on computer programs and systems to evaluate certain financial instruments based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Funds' activities. In addition, certain of the Funds' and the Investment Adviser's operations interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the

Investment Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses, network intrusions and power failures. Any such defect or failure could have a material adverse effect on the Funds. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Investment Adviser's ability to monitor its investment portfolio and its risks.

***Operational Risk*** - The Funds depend on the Investment Adviser to develop the appropriate systems and procedures to control operational risk. Operational risks include the possibility of mistakes being made in the confirmation or settlement of transactions, transactions not being properly booked, evaluated or accounted for, or other similar disruptions in operations. These events may cause the Funds to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Funds rely heavily on the Investment Adviser's financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Investment Adviser's ability to properly manage the Funds.

***Undervalued/Overvalued Securities*** - One of the key objectives of the Funds are to directly or indirectly identify and invest in undervalued and overvalued securities/commodities/derivatives ("misvalued securities"). The identification of investment opportunities in misvalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While purchases of undervalued securities and short sales of overvalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Funds may not adequately compensate for the business and financial risks assumed.

The Funds may directly or indirectly make certain speculative investments in securities, commodities or derivatives ("securities") which the Investment Adviser believes to be misvalued; however, there can be no assurance that the securities purchased and sold will in fact be misvalued. In addition, the Funds may be required to maintain positions in such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the capital of the Funds may be committed to the securities, thus possibly preventing the Funds from investing in other opportunities. In addition, the Funds may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

***Unforeseen Events*** - The Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced withdrawals of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

***Short Selling*** - The Funds may engage directly and indirectly in short selling of securities, derivatives or commodities. Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Fund engages in short sales will depend upon the Investment Adviser's investment strategy and opportunities. A short

sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to cover the short position. There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Currency Exposure** - The assets of the Funds may be invested in securities and other investments which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. The Investment Adviser may hedge the non-U.S. currency exposure of the Funds by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts, cross-currency swaps or by shorting non-U.S. debt. However, the assets of the Funds will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

To the extent unhedged, the value of a Fund's positions in non-U.S. investments will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which a Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Fund's financial instruments in their local markets and may result in a loss to the Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on a Fund's non-U.S. Dollar investments.

**Lack of Investment Opportunities** - While the Investment Adviser will generally seek to employ the investment strategies discussed herein, at certain times, due to market conditions, bid/ask prices, execution opportunities or other factors affecting the availability or attractiveness of investment opportunities, the Investment Adviser may not be able to locate suitable investment opportunities in the investment strategies. If the Investment Adviser determines that investment opportunities are not available for the Funds, the Funds could end up holding a significant amount of cash and cash equivalents, which may be invested in a variety of financial instruments, including without limitation money market funds, U.S. treasury securities, corporate or other demand notes, or any other instruments deemed appropriate by the Investment Adviser. Holding excess cash and investments in cash equivalent Financial Instruments may reduce the overall performance of the Funds and in some cases also introduces additional risk related to the cash, cash equivalent or demand note issuer.

**Liquidity and Market Characteristics** - In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges or by various dealers. At times it may be difficult to obtain price quotes at all. Accordingly, the Funds' ability to respond to market movements may be impaired and the Funds may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

**Transaction Costs** - From time to time, the Investment Adviser's investment approach may involve a high level of trading and turnover of a Fund's direct or indirect

investments which may generate substantial transaction costs which will be borne by the Fund.

### C. Risks Associated With Particular Types of Securities.

***Equity Securities Generally.*** A Fund may invest in equity securities and equity derivatives. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations, if equity markets generally move in a single direction and a Fund has not hedged against such a general move, or under changing market supply and demand characteristics. A Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

***Debt Securities Generally.*** A Fund expects to invest in private and government debt securities and instruments. A Fund may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for these instruments, may have an adverse impact on the value of such instruments and may increase the incidence of default for such instruments.

***Illiquid Securities*** - From time to time, the Funds may directly or indirectly invest in derivatives and other types of unregistered securities, which are generally not publicly traded. The Funds may not be able to readily dispose of such non-publicly traded financial instruments and, in some cases, may be contractually prohibited from disposing of such financial instruments for a specified period of time. Accordingly, the Funds may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities. In addition, the market prices, if any, for such illiquid financial instruments tend to be volatile, and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid securities also 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 the over-the-counter markets. Furthermore, there may be limited information available about the assets of such issuers of the financial instruments which may make valuation of such financial instruments difficult or uncertain. It also should be noted that, even those markets which the Investment Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity.

***Use of Options*** - The Funds may directly or indirectly buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a "covered" or an "uncovered" basis. The Funds' options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities/commodities/derivatives ("securities") position) or a form of leverage, in which the Funds have the right to benefit from price movements in a large

number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions a Fund may enter into.

When a Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, could result in a total loss of the Fund's investment in the option (including commissions). A Fund could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (e.g., by buying the securities or buying options on them) on securities underlying put options.

When a Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, an increase in the market price of the security above the exercise price would cause a Fund to lose the opportunity for gain on the underlying security--assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security's price below the exercise price would cause the Fund to lose some or all of the opportunity for profit on the "covering" short position--assuming the Fund is short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss a Fund might suffer in closing out its short position.

***Derivatives Generally*** - The Funds directly and indirectly may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, obligations, futures, forwards, swaps, swaptions, options and contracts for differences, as part of its investment strategies and for hedging purposes. Regulatory restraints may restrict the instruments that the Funds may trade. Derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of the Fund,

incorrect collateral calls or delays in collateral recovery. A Fund may directly and indirectly also sell covered and uncovered options on securities. To the extent that such options are uncovered, the Fund could incur an unlimited loss.

***Futures Contracts.*** The value of futures depends upon the price of the securities, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, acts of god, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which a Fund's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from promptly liquidating unfavorable positions and subject a Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

***Forward Contracts.*** A Fund may enter into over-the-counter forward contracts for the trading of certain futures interests, such as currencies and interest rates, through U.S. and non-U.S. national or local banks and currency and rates dealers. A forward contract is a contractual obligation to buy or sell a specified quantity of a security or commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of a Fund. In its forward trading, a Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which a Fund trades. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Adviser may order trades for a Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject a Fund to the risk of loss.

***Other Derivative Instruments*** - The Funds may directly or indirectly take advantage of opportunities with respect to certain other derivative instruments that are not presently

contemplated for use or that are currently not available or currently traded in, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Funds and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

***Commodity-Related Instruments*** - The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

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

***Index or Index Options*** - The Funds may directly or indirectly also purchase and sell indices as well as call and put options on indices, including stock indices listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the stocks included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular instrument, whether the Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the instrument market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular instruments.

***Other Investment Vehicles*** - The Funds may invest a portion of its portfolio in private pooled investment vehicles (e.g., hedge funds, funds of hedge funds and closed-end funds) or private investment vehicles managed by third-party managers for the exclusive benefit of the Fund. Such investments may be made where the Investment Adviser determines that such arrangements complement the Investment Adviser's expertise or

enhance a Fund's ability to access specific investment opportunities. The Fund will bear the management fees, incentive fees or allocations, other fees and/or expenses charged by the manager of each such investment vehicle, in addition to the fees paid at the Fund level. As a result, in these cases, the Fund will pay two or more layers of fees. These investments involve the Fund relying on the performance and probity of third parties and may result in offsetting positions or concentrations in certain positions of which the Investment Adviser will only learn if it has access to detailed information on such investment vehicles' underlying holdings.

***Highly Volatile Markets; FX Risks.*** Price movements of forwards, futures, derivative contracts and other securities in which a Fund's assets may be invested can be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert. A Fund may make certain speculative investments in currencies which the Investment Adviser believes to be undervalued; however, there are no assurances that the currencies purchased will in fact be undervalued. In addition, a Fund may be required to hold such currencies for a substantial period of time before realizing their anticipated value. During this period, a portion of a Fund's assets will be committed to the currencies purchased, thus possibly preventing a Fund from investing in other opportunities.

***Repurchase and Reverse Repurchase Agreements.*** A Fund may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, a Fund "sells" securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a Fund "buys" securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by a Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such cases may involve costs to a Fund.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

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

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### **A. Broker-Dealer Registration Status.**

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

#### **B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.**

The Investment Adviser and its management persons are not registered as, and do not have any application to register as futures commission merchants or associated persons of the foregoing entities. The Investment Adviser is a registered commodity pool operator and an exempt commodity trading adviser. Dean L. Wilde II and James P. Smist are registered with the NFA as associated persons for the Investment Advisor as a registered commodity pool.

#### **C. Material Relationships or Arrangements with Industry Participants.**

The Investment Adviser is affiliated with each of the Funds, which are pooled investment vehicles. The relationship does not create a material conflict of interest with the Investment Adviser's clients because the Funds are the only clients of the Investment Adviser.

The Investment Adviser is affiliated with DC Energy Management, L.P., which serves as a manager or registered commodity pool operator and exempt commodity trading advisor of pooled investment vehicles that invest in the energy markets. The Investment Adviser is affiliated with DC Ventures Management, LLC, which serves as a manager or registered commodity pool operator and exempt commodity trading adviser of pooled investment vehicles that invest in affiliated funds or pools. Dean L. Wilde II and James P. Smist are registered with the NFA as associated persons for DC Energy Management, L.P. and DC Ventures Management, LLC as registered commodity pools. The Investment Adviser also is affiliated with DC Energy Holdings, LLC, an exempt commodity pool operator and exempt commodity trading adviser.

Mr. Wilde also is a member of the Board of Managers of Bessemer Securities LLC and the Board of Directors of Bessemer Securities Corporation (together, the "Bessemer Securities Boards"), a wholly owned subsidiary of Bessemer Securities LLC, which are private investment company vehicles for the Phipps Family and operate under an exemptive order under Section 6(c) of the Investment Company Act and as a "family office" for purposes of the Investment Advisers Act. The Bessemer Securities companies invest in a diversified portfolio of public and private investments. As a result, Mr. Wilde may become aware of investment strategies of the Bessemer Securities entities and will have an opportunity to invest in certain related opportunities; however, Mr. Wilde will not share the specific investment strategies or other confidential information of the Funds with the Bessemer Securities Boards or management and will engage in all investment opportunities that are in the best interest of the Funds without regard to the Bessemer Securities companies' investments or potential investments.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend other investment advisers for its clients; however, on occasion, the Investment Adviser may select other investment advisers for a portion of a client's assets. The Investment Adviser does not receive asset based or performance based compensation from the other investment advisers and receives expense reimbursement for those clients that may use other investment advisers. Any other investment advisers are not related persons to the Investment Adviser.

**ITEM 11**  
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT**  
**TRANSACTIONS AND PERSONAL TRADING**

**A. Code of Ethics.**

The Investment Adviser has adopted a Code of Ethics (the "Code"), which establishes the standards of business conduct that all employees and the Investment Adviser must follow and also addresses personal trading by the employees. The Investment Adviser will provide a copy of the Code to any client or prospective client upon request.

**B. Securities That You or a Related Person Has a Material Financial Interest.**

**1. Cross Trades**

The Investment Adviser may determine that it would be in the best interests of Funds to transfer a security from one Fund to another for a variety of reasons, including, but without limitation, tax purposes, liquidity purposes, to rebalance the portfolio of clients, or to reduce transaction costs that may arise in an open market transaction (each a "*Cross Trade*"). If the Investment Adviser decides to engage in a Cross Trade, it will determine that the trade is in the best interests of both of the Funds involved in the Cross Trade and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of the Funds.

A Cross Trade generally occurs with the assistance of a broker-dealer who executes and books both sides of the transaction at the close of the market on the day of the transaction, with the transfer generally marked or valued based on the close of the market price on the prior day. Alternatively, a Cross Trade between two Funds may occur simply by instructing the broker, the administrator and/or the custodian to book the transaction at the price determined by the Investment Adviser's valuation procedures (an "*Internal Cross*"). The Investment Adviser will not receive any fees in connection with any Cross Trades.

**2. Principal Transactions**

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including the Investment Adviser will provide written disclosure to the client and obtain the client's consent.

**C. Investing in Securities That You or a Related Person Recommends to Clients.**

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Investment Adviser, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients.

#### D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Adviser generally allocates securities and other financial instruments among the Funds based on each Fund's investment strategy. Securities and other financial instruments are bought and sold for each Fund based on available capital and investment strategy decisions specific to each Fund. To the extent that such decision result in the Investment Adviser buying or selling the same security for multiple Funds on the same day, the Investment Adviser implements an allocation policy to ensure each Fund receives fair allocation and pricing. In some cases, certain Funds may share investment strategies. In particular, a Fund (e.g., DVII or DV20) may be the sole owner of a number of Funds and, thus, the ownership of the funds is exactly the same ("fund of funds"). In the case of a fund of funds managed by the Investment Adviser, the funds are set up to allow the Investment Adviser to control risks associated with any specific prime broker or counterparty. In this case, the Funds of a fund of funds may share one or more investment strategies, with the fair allocation of securities among the Funds based on the fact that the exact same owner owns all of the Funds and has set up the various Funds for risk control purposes. The Investment Adviser has determined that a shared investment strategy exercised by some or all of the Funds that are part of a fund of funds is in the best interest of the owner of the Funds and the Funds. At this time, there are two parent funds or fund of funds, DVII and DV20. Except for when there is a slightly different allocation due to lot size or rounding, unless a specific exception is approved by the Investment Committee or Managing Director, the investments of the DVII funds and the DV20 funds are done on a pre-determined pro rata basis.

For the Funds that are part of a fund of funds, the allocation of securities and other financial instruments purchased on the same day is not required to be pro rata. Instead, such an allocation could be contrary to the best interest of the Funds. Such allocations shall be based on the Funds exercising the investment strategy as a whole, with the interest of the sole owner of the fund of funds Funds driving the allocations and the Funds being managed as a whole. Among the concerns and interests that may guide the allocation include any net asset value ("NAV") requirements of any of the Funds, any NAV minimums or thresholds to avoid default by the Funds or to ensure more favorable prime broker and other terms for the Funds, other terms required or requested by prime brokers or counterparties, and Fund exposure levels to any particular prime broker or counterparty. Generally, given that the sole owner is the exact same owner for each of the Funds of the fund of funds, the Funds are designed to reduce risk exposure to and to improve the terms offered by the prime brokers and counterparties. It is in the best interest of the Funds that are part of a fund of funds to maintain the best terms with each prime broker and/or counterparty and to manage such Funds, including allocations, as a whole.

For any allocations involving a Fund that is not a fund of funds, any limited investment opportunities will generally be allocated among all eligible Funds based on each Fund's strategy.

In certain limited circumstances, the Investment Adviser may not be able to allocate a portion of the order to a particular Fund or Fund's member because of minimum investment restrictions, excessive costs or other restrictions. In certain circumstances a Fund or a Fund's member may not participate in an order when there is a "*de minimis*" holding size for the Fund or Fund's member, which may result in certain securities not being allocated to certain Funds or a Fund's members when allocating partial fills. Certain allocation procedures can result in the unfair (albeit unintentional) treatment of Funds and/or a Fund's members and, therefore, the Chief Compliance Officer will monitor allocations involving a Fund that is not

a fund of funds to ensure that all Funds are treated in a fair and equitable manner over time.

In addition, advance notice of any changes to the fund of Funds ownership will be made to the Chief Compliance Officer such that any changes to the allocation procedures can be determined in advance.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

In placing orders to purchase and sell securities for Funds, the Investment Adviser considers a number of factors in selecting appropriate broker-dealers, including execution capability, commission rates, financing terms, financial responsibility, the value of research provided, and responsiveness to the Investment Adviser. The Investment Adviser has implemented best execution guidelines that are designed to enable the Investment Adviser to fairly evaluate the overall quality and costs of a broker-dealer's execution services, including factors other than prices, commissions and other expenses paid in connection with account transactions. Management approves broker-dealers for eligibility to effect the Investment Adviser's transactions.

##### **1. Research and Other Soft Dollar Benefits.**

The Investment Adviser does not receive soft-dollar benefits in connection with its client securities transactions. However, the Investment Adviser does invest in one non-related fund managed by a non-affiliate for two clients that may use soft dollars.

##### **2. Brokerage for Client Referrals.**

The Investment Adviser does not receive client referrals from broker-dealers.

##### **3. Directed Brokerage.**

The Investment Adviser does not have directed brokerage arrangements.

#### **B. Order Aggregation.**

The Investment Adviser will aggregate the purchase or sale of securities for client accounts as it deems appropriate for the accounts traded *pari passu*.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

The Investment Adviser performs various and periodic reviews of each client's portfolio. Such reviews are conducted by the Investment Adviser's officers and the trading team members.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

The Investment Adviser will generally provide annual audited financial statements to its clients within 120 days of the fiscal year end.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

A. Economic Benefits for Providing Services to Clients.

The Investment Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

## **ITEM 15 CUSTODY**

The Investment Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. The Investment Adviser will generally provide annual audited financial statements consistent with this requirement to its clients within 120 days of the fiscal year end.

**ITEM 16**  
**INVESTMENT DISCRETION**

As set forth in the Funds' organizational documents, the Investment Adviser has full discretionary authority to manage the Funds' securities accounts, subject to the Fund and/or certain members of the Fund having the authority to remove the Investment Adviser as manager.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

#### **A. Policies and Procedures Relating to Voting Client Securities.**

The Investment Adviser has implemented a proxy voting policy (the "Proxy Voting Policy"), which applies to the voting of proxies by the Investment Adviser for the Fund accounts over which the Investment Adviser has proxy voting authority. In the event that the Managing Director, Trading (or his designee, which is currently the Assistant General Counsel) recuses himself from voting a proxy because he has a material conflict of interest with the company whose proxy is at issue, or cannot vote a proxy for any other reason, he will notify the Chief Compliance Officer ("CCO") who will review the proxy to determine whether the Investment Adviser should vote the proxy. In such event, the Investment Adviser may abstain from voting, or affirmatively decide not to vote, if the Investment Adviser determines that abstaining or not voting is in the best interests of the Fund. In making such a determination, the Investment Adviser will consider various factors, including, but not limited to, the costs associated with exercising the proxy (e.g., translation or travel costs), any legal restrictions on trading resulting from the exercise of a proxy, and whether the Investment Adviser has sold the underlying securities since the record date for the proxy. The Investment Adviser will not abstain from voting, or affirmatively decide not to vote, a proxy merely to avoid a conflict of interest.

In any case in which the Investment Adviser votes, or directs the vote of, a proxy, or abstains from voting, or affirmatively decides not to vote, a proxy, the Investment Adviser will document the basis for the Investment Adviser's proxy voting decision(s).

The Managing Director, Trading, the General Counsel, the CCO or their designee will make the determination for the proxy vote that shall be in accordance with the best interests of the Fund and following the Investment Adviser's general policy on specific issues. In accordance with Rule 204-2, the Investment Adviser will maintain the records with respect to the Firm's Proxy Voting Policy and procedures. A description of the Proxy Voting Policy will be provided to a Fund at the inception of the Investment Adviser-client relationship, as well as upon the written request of a Fund to the Investment Adviser. In addition, information regarding how a Fund's proxies were voted by the Investment Adviser or a Proxy Voting Service Provider will be provided to a Fund upon written request to the Investment Adviser.

#### **B. No Authority to Vote Client Securities and Client Receipt of Proxies.**

Not Applicable. The Investment Adviser has authority to vote client securities.

**ITEM 18**  
**FINANCIAL INFORMATION**

A. Balance Sheet.

The Investment Adviser does not require or solicit prepayment of fees from clients.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients.

There are no financial conditions that are reasonably likely to impair the Investment Adviser's ability to meet contractual commitments to the Funds.

C. Bankruptcy Filings.

The Investment Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.