

**FORM ADV PART 2A  
FIRM BROCHURE**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Deimos Asset Management LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. If you have any questions about the contents of this Brochure, please contact us at (914) 251-8100 or [www.deimosam.com](http://www.deimosam.com).**

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

## **ITEM 2**

### **MATERIAL CHANGES**

The only material change made to the Brochure since the Adviser's last annual update, which was filed on March 29, 2016, is disclosure in relation to broker-dealer registration of an affiliate of the Adviser. In addition, the Adviser has made some routine updates and clarifying changes.

## **ITEM 3**

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## ITEM 4

## ADVISORY BUSINESS

The Adviser, a Delaware limited liability company, was established in 2014. The Adviser is a wholly-owned subsidiary of Deimos Management Holdings LLC, a Delaware limited liability company. Deimos Management Holdings LLC is controlled by Deimos Management LP, a Delaware limited partnership. Loren Katzovitz, Patrick Hughes and Mark Standish are the principals of Deimos Management LP. Ares Management Holdings L.P., a Delaware limited partnership, is a substantial minority owner of Deimos Management Holdings LLC.

The Adviser provides discretionary investment management services to managed accounts (the “Managed Accounts”). The Adviser may, in the future, provide discretionary investment management services to private pooled investment vehicles that have been organized in the United States and in one or more foreign jurisdictions (each, a “Private Fund” and collectively the “Private Funds”). The Private Funds and the Managed Accounts are collectively referred to as the “Clients” in this Brochure. The Private Funds typically will be part of a single master-feeder complex, and each is expected to rely on exemptions from the definition of investment company as set forth in the Investment Company Act of 1940, as amended, and shares/interests in such Private Funds will not be registered under the Securities Act of 1933, as amended. Managed Accounts may include institutions, pooled vehicles and funds sponsored by third parties, ERISA and government plans, and other large investors. The Private Funds and the Managed Accounts may be multi-manager or single-manager, and may be multi-strategy or single-strategy specific. Single-manager Clients will be managed by a single Portfolio Team (as defined below).

The Adviser’s investment professionals are organized into separate investment portfolio teams, which may consist of a single portfolio manager (each, a “Portfolio Team”), and each Portfolio Team is headed by one or more portfolio managers (each, a “Portfolio Manager”). The Adviser may also allocate a portion of a Private Fund’s portfolio to third-party managers (“Third-Party Managers”) through investments in managed accounts or commingled funds managed by Third-Party Managers.

The Adviser makes capital allocations to Client investment strategies with a goal of achieving superior risk adjusted returns. There can be no assurance that a Client’s investment objectives will be achieved.

Except as provided in the Private Funds’ offering and disclosure documents, Private Fund investors may not impose restrictions on the Adviser’s ability to invest in certain securities, types of securities, or investment strategies. The Adviser provides investment management services to Managed Accounts under the terms of investment management agreements, each of which may be tailored to the Managed Account and may include, for the applicable Managed Account, restrictions on the Adviser’s ability to invest in certain securities, types of securities, or investment strategies.

The Adviser does not participate in wrap fee programs.

As of [June 30, 2016], the Adviser manages approximately \$348,880,991 in regulatory assets on a discretionary basis. The Adviser does not manage Client assets on a non-discretionary basis.

## ITEM 5

### FEES AND COMPENSATION

The Adviser receives a management fee (the “Management Fee”) and a performance-based allocation or fee (the “Profit Allocation”) from its Managed Accounts, which are negotiated. Therefore, a Managed Account may have a more favorable Management Fee or Profit Allocation than the Private Funds or other Managed Accounts. The Management Fee with respect to a Managed Account generally accrues monthly and is payable quarterly in arrears. The Profit Allocation with respect to a Managed Account is generally calculated and paid annually.

Managed Accounts bear transaction expenses and may or may not include other expenses similar in nature to the Private Funds, subject to the terms of the applicable investment management agreement.

## ITEM 6

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser may receive a Profit Allocation from Clients under the terms and conditions described in Item 5.

The Adviser faces a conflict of interest to the extent that it manages a Client account for which it receives performance-based compensation at the same time as it manages one or more other Client accounts for which it does not receive performance-based compensation or receives a different level of performance-based compensation. The Adviser has the potential to receive higher compensation from a Client account for which it is paid performance-based compensation than for a Client account that is not charged performance-based compensation or is charged lower performance-based compensation. The Adviser may have an incentive to favor a Client account or take increased investment risk on behalf of a Client account for which it receives performance-based compensation or greater performance-based compensation because it could receive greater compensation from such Client account. The Adviser has implemented policies and procedures to address these conflicts of interest, including policies designed to allocate trades and investment opportunities in a fair and equitable manner. These policies and procedures are described in more detail below under Item 12, "Brokerage Practices."

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

The Adviser's Clients are the Managed Accounts and may, in the future, include Private Funds.

Generally, the anticipated minimum initial investment in the Private Funds is \$10,000,000. The Private Funds may accept initial and additional subscriptions for lesser amounts in the sole discretion of the managing member, directors, or manager, as applicable.

The Adviser has not set a minimum account size for Managed Accounts, but generally seeks account sizes in excess of \$50,000,000.

## ITEM 8

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

#### **Investment Strategies**

The investment strategies employed by the Managed Accounts and any Private Funds may include, among others, one or more of the following: fundamental long/short equity, equity index arbitrage, convertible arbitrage, statistical arbitrage, quantitative trading, fundamental credit, capital structure arbitrage, global macro, sector or industry specific investment strategies, merger arbitrage, directional trading, credit strategies (including, but not limited to, investing in structured products, bank loans, bank debts and credit default swaps), special situations, distressed companies and distressed investments as well as investing in and trading securities offered and sold in connection with new-issue or secondary offerings and secondary market trading of large blocks. More detailed information with respect to these strategies will be included in the Private Fund offering and disclosure documents. The Adviser makes capital allocations to Client investment strategies with a view to constructing a diversified return stream with a goal of achieving superior risk adjusted returns.

#### **General Risks**

#### **No Material Limitation on Strategies**

The Adviser will opportunistically implement whatever strategies it believes from time to time may be best suited to prevailing market conditions and to the Adviser's investment approach, without material restrictions. Such strategies may involve higher levels of risk than the ones discussed herein. There can be no assurance that the Adviser or any Portfolio Manager will be successful in applying any strategy to a Client's investing.

#### **Evolving and New Investment Strategies**

The Adviser's investment approach and trading techniques will be continually evolving. The Adviser may develop or incubate new strategies or approaches and deploy a Client's capital with the Portfolio Managers in accordance with such new strategies and approaches, regardless of the Adviser's experience in the type of markets or instruments involved. The strategies and approaches developed by the Adviser and the Portfolio Managers may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of the Adviser's implementation of the Adviser's established approaches or strategies.

#### **Hybrid and Other Strategies**

Many of the strategies which the Portfolio Managers may employ may combine elements of more than one of the general strategy types described in this Memorandum or may represent a completely different strategy type. Often, in the course of implementing a particular strategy an opportunistic investment representing a different investing approach will be made. For example, in seeking to identify a relatively mispriced pair of assets, a Portfolio Manager may conclude that an asset is sufficiently overpriced or underpriced to merit taking an outright directional position.

The Adviser's approach may combine a range of different investing techniques, both implementing different strategies in different markets and combining different strategies, in the same or related markets.



### **Diversification of Strategies and Portfolio Managers**

Although the Adviser seeks to obtain diversification by allocating assets among a number of different Portfolio Managers utilizing different strategies, it is possible that several Portfolio Managers may take substantial positions in the same security or group of securities at the same time, or in opposite to positions taken by other Portfolio Managers. It is also possible that Portfolio Managers on occasion may be competing with each other for similar positions at the same time. These facts may lead to lower profits and subject the investments of a Client to more rapid changes in value than would be the case if the assets of the Client were managed in a more coordinated manner.

### **Use of Quantitative Methodologies**

The Portfolio Managers may utilize quantitative methodologies, which use historical data, to make investments for a Client. Financial and economic patterns, trends and relationships are not immutable, however, and there is no guarantee that the patterns, trends and relationships that appear to the Adviser or the Portfolio Managers to govern any investments or markets will continue to govern such investment or market in the future.

While the Adviser will make efforts to control the risks associated with market changes, and will attempt to identify changes as they occur, market environment changes can be sudden and extreme. When these changes occur, certain market dynamics can make the changes more severe and can cause their adverse effects to spread to other markets not affected by the initial changes.

In particular, events can cause other market participants to liquidate large positions in a short period of time in order to raise capital, reduce risk or meet margin calls. To the extent that these market participants hold positions in a portfolio of strategies similar to that of a Client, all of these strategies may begin to exhibit adverse returns and correlations not seen under normal market conditions, even if the initial changes were in markets in which the Client was not involved. Positions that would typically serve as hedges may actually move in tandem with the instruments they were initially attempting to hedge, adding further risk to the Client.

### **Statistical Measurement Error**

The trading methodologies employed by the Portfolio Managers may rely on patterns inferred from the historical series of prices. Even if all of the assumptions of the models underlying the strategies were met exactly, the model can only make a prediction, which can be far from certain. Further, statistically-based models cannot fully match the complexity of the financial markets and as such, results of their application are uncertain. In addition, changes in underlying market conditions can adversely affect the performance of a statistical model.

### **Reliance on Technology**

The methodologies utilized by the Portfolio Managers may be highly reliant on technology, including hardware, software and telecommunications systems. Trade execution, data gathering, risk management and accounting systems all integrally require a high degree of automation and computerization. The incidence of software errors should be reduced by internal testing and the impact of such errors should be reduced by independent safeguards in the applicable software code. However, software errors may result in the execution of unanticipated trades, either through direct automated execution or because the Adviser or a Portfolio Manager followed such unanticipated trades and created unintended results. Errors in the code may be very hard to detect and can potentially degrade or impact results over a long period of time. Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a

defect, virus or other outside force, a Client may be materially adversely affected.

### **Relative Value Strategies**

The Portfolio Managers may pursue relative value strategies by taking long positions in assets believed to be undervalued and short positions in assets believed to be overvalued. In the event that the perceived mispricings underlying the Portfolio Managers' trading positions were to fail to converge toward, or were to diverge further from their expectations, a Client may incur a loss. Even pure riskless arbitrage can result in significant losses if the arbitrage is not sustained (due to, for example, margin calls) until expiration. In implementing relative value strategies, the Portfolio Managers may seek to reduce exposure to the risk of overall market price movements, but will still be fully exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of their valuation models.

### **Merger and/or Event-Driven Strategies**

Because of the inherently speculative nature of merger and/or event-driven investing, results may fluctuate and are not expected to correlate with the direction of the equity markets. Accordingly, the results of a particular period will not necessarily be indicative of results that may be expected in future periods. The number of opportunities available varies greatly and is based on many factors beyond the control of the Portfolio Managers. For such investment opportunities, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Portfolio Managers of the security or other financial instrument in respect of which such distribution is received. Similarly, if such investments were made and the anticipated transactions did not occur, the securities would likely be sold at a loss.

### **Arbitrage**

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, closed-end fund arbitrage, fixed-income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. The Portfolio Managers may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur, which can be magnified to the extent the Portfolio Managers are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

### **Convertible Arbitrage**

Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively "market neutral", there are many associated risks that can affect the results of this strategy. Such risks include, but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short; (v) a material change in the dividend policy of the

underlying common equity may adversely affect the prices of the securities involved; (vi) changes in the issuer's credit rating may adversely affect the prices of the securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

### **Distressed Securities**

The Portfolio Managers may invest in "distressed" securities, claims and obligations of entities that are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Investments in distressed securities may result in significant returns but also involve a substantial degree of risk. The Portfolio Managers may lose a substantial portion or all of their investment in a distressed environment or may be required to accept cash or securities with a value less than their investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that the Portfolio Managers invest in distressed sovereign debt obligations, a Client will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Portfolio Managers. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

### **Short Sales**

The Adviser may sell securities short on behalf of a Client. Such transactions expose the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Client might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### **Non-United States Securities**

Certain Clients may invest in securities outside of the United States. Investing in securities of foreign governments and companies that are generally denominated in currencies other than the United States dollar, and utilization of foreign currency forward contracts and options on foreign currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual

obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Currency Risks**

A Client's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

### **Emerging Markets Regulatory and Legal Risks**

Certain Clients may invest in emerging markets. In emerging markets, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Whatever supervision is in place may be subject to manipulation or control. While many emerging market countries have mature legal systems comparable to those of more developed countries, others do not. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. These Clients may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-United States courts.

### **High Yield Securities**

Certain Clients invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

### **Interest Rate Risk**

Certain Clients are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. A Client may seek to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options, but there can be no assurance that such strategies will be implemented or, if implemented, would be effective.

### **Credit Default Swap Agreements**

A Client may utilize credit default swaps. The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Client may be either the buyer or seller in a transaction. If the Client is a buyer and no credit event occurs, the Client will have made fixed payments and received nothing. However, if a credit event occurs, the Client, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the Client receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Client had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if deliverable security is unavailable or illiquid.

### **Leverage**

Certain Clients may utilize leverage. Leverage increases returns if the Client earns a greater return on leveraged investments than the Client's cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of leverage related to such investments and (iv) fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In case of a sudden, precipitous drop in the value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client.

A Client's use of leverage depends on the availability of credit to finance its portfolio. There can be no assurance that the Client will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to Clients may apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. A bank or dealer may seek to terminate financings notwithstanding terms and conditions to the contrary in the bank's or dealer's agreement with a borrower. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Client to liquidate all or part of its portfolio at

disadvantageous prices. The financing available to a Client from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

### **Derivatives**

A Client may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose Limited Partners to a high risk of loss. 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, incorrect collateral calls or delays in collateral recovery.

### **Options**

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Futures**

The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase a Client's return or not cause a Client to sustain large losses. While the use of these instruments by the Client may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. A Client could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, a Client will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Client's investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and a Client may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting a Client to substantial losses.

### **Special Situations**

A Client may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be

less than the purchase price to a Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Client may invest, there is a potential risk of loss by the Client of its entire investment in such companies. In connection with such transactions (or otherwise), a Client may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when a Client enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

#### **Limitations on Risk Monitoring of Portfolio Managers**

The effectiveness of the Adviser's risk monitoring activities may depend in part on the quality and accuracy of the risk measurement and analysis services that may be developed internally or provided by one or more unaffiliated services providers. The respective contractual liabilities of such service providers will be limited and generally should not be expected to cover any losses of a Client that may result, directly or indirectly, from any such failure. The chief risk officer of the Adviser is also a Portfolio Manager responsible for certain overlay strategies and is thus responsible for establishing and monitoring investment guidelines for such strategies. Accordingly, there is no independent risk management oversight over the management of such overlay strategies.

There can be no assurance that the pre-established risk monitoring guidelines that are tailored by the Adviser for each Portfolio Team will comprehensively or completely capture all or any risk associated with investments made, or investment strategies or investment styles executed, by such Portfolio Team or will effectively mitigate any risk associated with the capital allocated to a Portfolio Team. Further, there can be no assurance that (i) such risk monitoring, if any, will sufficiently mitigate the risks associated with a Client's investments with the Portfolio Teams, including but not limited to any violation of any related pre-established risk monitoring guidelines in respect of the Investment Portfolios managed by the Portfolio Teams; or (ii) an allocation by the Client to one or more Portfolio Teams will achieve risk and return goals. In carrying out its risk monitoring program, the Adviser may utilize the services of unaffiliated entities to provide certain risk measurement and analysis services.

Additionally, the specific risk tools, scenarios, metrics, levels or parameters used by the Adviser in conducting its risk analysis on a Client's investment portfolio will be based on the Adviser's subjective evaluations, assessments and understanding of (i) the data that the Adviser determines to be appropriate, relevant or sufficient and (ii) the tools, scenarios, metrics, levels or parameters needed for such purposes.

#### **Limitations on Risk Management**

The Adviser may, in its sole discretion, from time to time and under circumstances it deems necessary or appropriate, attempt to hedge certain risks of the portfolio. Moreover, any such risk management conducted by the Adviser could fail to properly hedge such risks and result in greater losses (or lower returns) to a Client than if such activity had not been conducted. There is no guarantee that risk management by the Adviser, if any, will result in the Client achieving positive risk-adjusted returns or may otherwise mitigate the risk of Partnership investments. The ability of the Adviser to manage the risks related to a Client's investments through hedging activities or otherwise will also be limited by its lack of day-to-day control over the investment activities of Third-Party Managers. Moreover, even where the Adviser undertakes such hedging activity, there is the possibility that such hedging activity may not effectively mitigate the risks, may not result in achieving positive risk-adjusted returns and may otherwise

increase the loss of (or lower the returns on) Partnership assets or prevent a Client from realizing gains.

### **Third-Party Managers**

The Adviser may allocate a portion of a Client's or the Master Fund's portfolio to Third-Party Managers and such allocations will be subject to certain risks. Such allocations may be substantial. The Adviser will generally be dependent on the skill and abilities of such Third-Party Managers to successfully manage their respective allocations. Also, the Adviser generally will be dependent on the Third-Party Managers themselves (unless the allocation is to a separate managed account) for information regarding the performance of their respective investment programs. Such allocations to Third-Party Managers may be subject to substantial limitations on liquidity. These liquidity or withdrawal limitations may prevent a Client from reacting rapidly to market changes should a Third-Party Manager fail to effect portfolio changes consistent with such market changes and the demands of a Client. Such withdrawal limitations may also restrict the Adviser's ability to terminate investments with Third-Party Managers that are poorly performing or have otherwise had adverse changes. Certain entities in which a Client may invest may suspend withdrawals, especially during periods of market disruption, preventing the Client from withdrawing.

Allocations made to Third-Party Managers may be subject to substantial charges, including any asset-based fees and performance-based allocations or fees, which, if earned, are payable by a Client irrespective of the overall profitability of the Client. In addition, if the Adviser does not have position transparency, the Adviser may be unable to hedge the exposure of Third-Party Managers.

If a Client invests in a commingled fund managed by a Third-Party Manager over which the Adviser has no control, the timing of the receipt of withdrawal/redemption proceeds from such a fund is uncertain and can vary by months from the expected payment dates. This potentially creates cash management problems for the Client, as the Client will not be able to reallocate the withdrawal/redemption proceeds to another investment portfolio until the Client receives the withdrawal/redemption proceeds. The unpredictability of the timing of the payment of withdrawal/redemption proceeds could have a significantly adverse effect on a Client.

Further, a Client's ability to fund and accept withdrawal requests and the Client's ability to conduct risk management is dependent on its ability to withdraw any assets managed by Third-Party Managers, which may have substantial liquidity restrictions. The investment vehicles in which Third-Party Managers may invest the Client's assets may impose liquidity restrictions such as lock-up periods (no withdrawals or redemptions within one or more years following investment date), limited optional withdrawal frequency (yearly or even less frequent liquidity terms), gates (limitation on total aggregate withdrawals within a particular time frame to a particular percentage of such investment vehicles' net asset value), withdrawal penalty fees and other charges and other mandatory or discretionary liquidity restrictions. Furthermore, with respect to such investment vehicles, a Client or its agents may not have custody of any securities or instruments held in such investment vehicles.

### **Cybersecurity Risk.**

The information and technology systems of the Adviser and of key service providers to the Adviser and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser



to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

**Systems and Operational Risk.**

The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

**ITEM 9**

**DISCIPLINARY INFORMATION**

This Item is not applicable.

## **ITEM 10**

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

Deimos Securities LLC (CRD#175499), an affiliate of the Adviser, is a member of FINRA. Certain of the Adviser's management persons are registered as registered representatives of Deimos Securities LLC.

## ITEM 11

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics Manual (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Clients and prospective clients may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the cover page of this Brochure. The Code sets forth procedures and limitations governing the business conduct and personal securities trading of the Adviser’s principals, officers, directors, employees and other persons designated by the Chief Compliance Officer (together, “Supervised Persons”). The Code is based on the principle that Supervised Persons owe a fiduciary duty to Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of Clients; (ii) taking inappropriate advantage of their position with the Adviser; and (iii) any actual or potential conflicts of interest or any abuse of their position or responsibilities. The Code establishes policies and procedures reasonably designed to (a) prevent fraud and improper personal trading, (b) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof, and (c) provide a means to resolve such conflicts. The Chief Compliance Officer conducts regular training sessions for all Supervised Persons, and all Supervised Persons are required to attest annually to their receipt, understanding and compliance with the Code.

Subject to compliance with the Code’s policies and procedures, Supervised Persons may from time to time buy or sell, for their own accounts, the same securities they buy or sell for Clients, and in doing so, may take positions opposite to, or ahead of, those held by a Client or may be competing with a Client for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to a Client. The Code requires each Supervised Person to obtain prior approval for personal transactions in securities covered by the Code, including interests in private pooled investment vehicles. Such personal trading is performed independently of the trading activities on behalf of the Clients, and it is the Adviser’s policy that the interests of its Clients always be given priority over the interests of the Adviser and its Supervised Persons.

The Adviser does not engage in trading for its own account (*i.e.*, proprietary trading).

## ITEM 12

### BROKERAGE PRACTICES

#### Best Execution

As set forth above, the Adviser's clients are the Managed Accounts and may, in the future, include Private Funds. Pursuant to investment management agreements that have been executed by and between the Adviser and its Clients, the Adviser has full discretionary authority to select broker-dealers. For certain Managed Accounts, financing and availability of credit, as well as prime brokerage arrangements and counterparties to over-the-counter transactions, may be determined by the Managed Account Client. The Adviser has a formal process to review and approve all counterparties to its Clients.

In selecting a broker-dealer, the Adviser will seek to obtain best execution and may take into account such relevant factors as (i) overall reputation, (ii) level of service provided, (iii) price, (iv) the broker-dealer's facilities, reliability and financial responsibility, (v) the ability of the broker-dealer to effect securities transactions, particularly with regard to such aspects as timing, order size and execution of orders and (vi) the research and brokerage services provided by such broker-dealer to the Adviser. The Adviser has no obligation to seek the lowest possible commission or transaction cost. Accordingly, the Adviser may enter into soft dollar arrangements as described below. The Adviser pays bundled commission rates and receives proprietary research from many of its executing and prime brokers. As a result, the Adviser may pay commissions in excess of what another broker might have charged for the same transactions in recognition of the value of the brokerage and research services provided by the broker and used for the benefit of a Client. In addition, the Adviser may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research or brokerage services. In any such case the Adviser will determine in good faith that the amount of commissions or transaction costs charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

#### Soft Dollar Benefits

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services from vendors that provide lawful and appropriate assistance to the manager in the performance of investment decision making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. The Adviser will accept "soft dollar" services only of the type that it reasonably believes come within the safe harbor of Section 28(e), though its soft dollar arrangements outside the U.S. may not be within the scope of the requirements of Section 28(e).

As noted above, best execution does not necessarily require the Adviser to solicit competitive bids and does not have an obligation to seek the lowest available commission or transaction cost.

Research services within Section 28(e) may include, but are not limited to: quotation services and market data; economic and market information and analysis; portfolio strategy advice; industry and company comments; technical data; recommendations; general reports; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio investments and technical market action; statistical information; accounting and tax law interpretations; credit analysis; risk measurement analysis and performance analysis. Such research services may be provided in the form of meetings arranged with corporate and industry spokespersons, economists,

academicians and/or government representatives as well as by various electronic and written means.

Brokerage services within Section 28(e) may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, e.g., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians; trading software operated by a broker-dealer to route orders; software used to transmit orders and provide trade analytics; software that provides trading strategies; trade clearance and settlement; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Adviser derives substantial direct or indirect benefit from these services, particularly to the extent the Adviser would otherwise have been required to pay for such services. If as and when the Adviser manages one or more other funds, the investment information received from brokers may be used by the Adviser in servicing other accounts, and not all such information may be used by the Adviser in connection with a particular Client. The Adviser is not required to allocate such benefits *pro rata* or on any other equitable basis among its accounts.

The Adviser expects to enter into formal soft dollar arrangements with broker-dealers where the Adviser pays for and receives research products or execution related services from third parties in exchange for brokerage commissions. The Adviser is not obligated to allocate either a stated dollar or stated percentage of any brokerage to any broker for any minimum time period, whether under a formal arrangement or otherwise, and will review its brokerage relationships from time to time.

#### Brokerage for Investor and Client Referrals

Broker-dealers (including prime brokers) may assist the Private Funds in raising additional capital from investors and may assist the Adviser in securing managed account investors. Representatives of the Adviser may speak at conferences and programs sponsored by such broker-dealers (“capital introduction events”) for investors who may be interested in investing in hedge funds or managed account structures. The Adviser does not, and no Private Fund is expected to, separately compensate any broker-dealer for the provision of capital introduction services or for any investments that might ultimately be made by prospective investors attending such capital introduction events.

The Adviser may have an incentive to use a broker-dealer based in part on its interest in receiving client and investor referrals rather than on the Private Funds’ interest in receiving the most favorable execution. However, the Adviser will primarily select a broker-dealer based on best execution standards and its fiduciary duties to Clients. The Adviser does not commit to allocate either a stated dollar or stated percentage of Client brokerage to any broker-dealer.

#### Directed Brokerage

The Adviser does not have any directed brokerage arrangements.

#### Trade Aggregation and Allocation

Aggregation describes the practice of combining orders on behalf of numerous Client accounts. The Adviser may aggregate orders for multiple Client accounts. The allocation between or among the participating Client accounts will be determined at the time the order is entered. Partial fills of such trade orders will be allocated according to the respective percentages that were determined at the time the order was entered, unless it is not practicable to do so based on the nature of the security or other investment

being purchased or sold. In the case of aggregated orders, the prices received by all of the participating Client accounts will be the same prices received by each of the other participating Client accounts. Depending upon the nature of the security or other investment, the Adviser may use an acquisition vehicle to hold title to the investment on behalf of the participating Client account in order to allow more than one Client to participate in such investment, which might not otherwise be practicable.

The Adviser will seek to allocate orders and investments opportunities among Clients in a manner that the Adviser believes is in the best interests of all Clients. Although such allocations may be pro rata as to the participating Clients, they will not necessarily be so where the Adviser's allocation policies (*e.g.*, differing objectives or other considerations) dictate a different result.

In cases where a limited amount of an instrument is available for purchase, the allocation of such instrument, as between the participating Clients, may necessarily reduce the amount available for purchase by a Client. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

#### Trade Errors

The Clients generally will bear the cost of any clerical errors, systems errors or mistakes by the Adviser with respect to its placing or executing trades for the Clients ("Trade Errors"), as such errors are considered by the Adviser to be a cost of doing business. However, based on the standard of care and exculpation of liability and indemnification provisions of the investment management agreement of each Client, the Adviser will be obligated to reimburse a Client for any Trade Error resulting from the Adviser's breach of such standard of care. The Adviser, subject to its fiduciary obligations, will determine whether or not any loss resulting from a Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. Any positive Trade Errors will generally be for the benefit of a Client.

The Chief Compliance Officer is responsible for approving corrective actions, as appropriate, and for evaluating whether additional procedures may be necessary to prevent the recurrence of similar Trade Errors. The Chief Compliance Officer maintains, as part of the Adviser's books and records, documentation related to Trade Errors, as well as any corrective actions and preventative measures taken. Under no circumstance will the Adviser utilize soft dollar arrangements as a means for resolving a Trade Error.

## ITEM 13

### REVIEW OF ACCOUNTS

The risk exposures of the Clients are reviewed and monitored on an ongoing basis by the Chief Risk Officer. Generally, these reviews utilize a variety of analytical techniques and systems which monitor exposure and risk factor sensitivities. Additionally, the Chief Compliance Officer conducts an ongoing review of trading activity of the Clients to monitor compliance with internal policies and procedures, and regulatory limitations, as applicable. Finally, the Adviser's Operations Department, under the supervision of the Director of Operations, monitors transactions with respect to the accuracy of third party reporting through its daily counterparty reconciliation process.

Any Private Fund (or the administrator on its behalf) is expected to distribute to each Private Fund investor monthly unaudited account statements and, within 120 calendar days after the close of each fiscal year, an annual report containing audited financial statements (including a statement of income and statement of financial condition) of the Private Fund for the fiscal year then ended, prepared in accordance with United States generally accepted accounting principles ("GAAP") and accompanied by a report of the certified public accounting firm that audited such financial statements.

Managed Account Clients receive periodic reporting as set out in the applicable investment management agreement.



**ITEM 14**

**CLIENT REFERRALS AND OTHER COMPENSATION**

This Item is not applicable.

**ITEM 15**

**CUSTODY**

This Item is not applicable.

## **ITEM 16**

### **INVESTMENT DISCRETION**

The Adviser has discretionary authority over each Client portfolio pursuant to an investment management agreement executed by and between the Adviser and each Client. The Adviser's discretionary authority is generally subject only to restrictions and parameters as set forth in a Managed Account's investment management agreement or any Private Fund's offering and disclosure documents, as well as applicable legal and regulatory restrictions.

## ITEM 17

### VOTING CLIENT SECURITIES

The Adviser, through its investment management agreements with its Clients, is authorized to exercise voting authority over Client securities. In order to minimize potential conflicts of interest among the Adviser and its Clients, and to ensure that all U.S. proxy votes are properly and timely placed, the Adviser has engaged Institutional Shareholder Services (“ISS”), a third party vendor, to review and vote proxies on behalf of Clients. In accordance with Advisers Act Rule 206(4)-6, the Adviser generally subscribes to the pre-determined proxy voting guidelines adopted by ISS (“ISS Guidelines”). Notwithstanding the ISS Guidelines, the Adviser reserves the right to direct ISS to vote a Client proxy in a manner that is contrary to the ISS Guidelines, but determined by the Adviser to be in the best interest of Clients. A Managed Account Client may direct the Adviser to vote in a particular manner, as provided in its respective investment management agreement. Private Fund investors will not be permitted to direct the Adviser to vote in a particular manner.

The Adviser’s proxy voting policies and procedures may be changed from time to time. A copy of the Adviser’s Proxy Voting Policy and the ISS Guidelines, and information on how the Adviser voted specific proxies, will be available to Clients upon request. Please contact the Adviser at the address or telephone number listed on the cover page of this Brochure.

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

This Item is not applicable.

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