

DG Partners LLP

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of DG Partners LLP (“DG Partners” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at +44 20 7408 5200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about DG Partners is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

DG Partners has the following material changes to report since the last Part 2A was filed in March 2019:

- Certain updates have been made to the risk warnings in Item 8; and
- DG Partners no longer uses certain capital introduction service providers. Item 14 has been updated accordingly.

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Item 4. Advisory Business

DG Partners LLP (“DG Partners” or the “Firm”) is an investment manager based in London, United Kingdom. The Firm was established in 2002. Mr. David Gorton serves as the Firm’s Chief Investment Officer.

The Firm has two corporate members: DG Partners Services Limited (the “Service Company”) and DG Systematic Holdings Limited. The Service Company is a wholly owned subsidiary of DG Partners International Limited.

The Firm has entered into a secondment and services agreement (the “Services Agreement”) with the Service Company and the Firm’s affiliate, BH-DG Systematic Trading LLP (“BH-DG”). Pursuant to the Services Agreement, certain staff members of the Firm are seconded from the Service Company and BH-DG. Similarly, the Firm seconds certain staff members to BH-DG. Further, the Firm may at times deploy staff in multiple internal roles across its business. BH-DG forms part of a joint venture with Brevan Howard. DG Systematic Holdings Limited is also a corporate member of BH-DG. The Firm relies on its policies and processes to minimize any potential conflict that might result from such arrangements.

DG Partners manages private funds and separately managed accounts (“SMAs”) pursuing global macro and/or systematic trading strategies. The Firm focuses on investments in fixed income, futures and FX markets with a strong emphasis on liquidity, risk control and investor transparency. DG Partners is authorized and regulated by the UK Financial Conduct Authority and only provides services to professional and institutional clients.

The same macro and systematic trading strategies that are employed to manage the portfolios of (or a portion of portfolios of) clients of DG Partners are, or may be, employed to manage the portfolios of (or a portion of the portfolios of) other direct or indirect clients of BH-DG. DG Partners believes that the nature of its investment strategies and its well-defined investment process minimize this potential conflict. In addition, the Firm has adopted policies and procedures designed to minimize such conflict.

As of December 31, 2019, DG Partners managed approximately \$1,094,015,126 of assets under management on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

The Firm currently advises five private funds: DG Macro Fund Limited, BH-DG Systematic Trading Fund Limited, BH-DG Systematic Trading Fund, LP, BH-DG Systematic Trading Master Fund Limited (the “Systematic Master Fund”) and BH-DG Systematic Trading ERISA Fund Limited (the “Funds”). Each of the Funds (excluding the Systematic Master Fund) has a management fee and a performance fee component, the specifics of which vary based on the share class or class of interest (“Share Class”) of the Funds and are fully described in applicable governing and offering documents for each of the Funds.

The Firm also provides advisory services to SMAs. These clients may be charged a management fee and a performance fee. The fees are subject to negotiation and are fully described in the respective investment management agreement for each account.

Certain employees of DG Partners and its affiliates have investments in the Funds and pay management and performance fees at a discounted rate, or do not pay any management or performance fees.

In addition to the management and performance fees described above, the Funds will bear additional fees, which may include but are not limited to: fees relating to clearing, payments, trading (including, without limitation, brokerage and futures commission merchant fees and commissions), middle office charges, market data and other data costs (including but not limited to real-time, non real-time and historical market data licensing feeds and fees for third party databases), legal, accounting, fund administrator, auditing and filing fees, regulatory reporting fees and printing and mailing expenses related to the offering of shares or interests therein. More detailed information about the fees and expenses described above is set forth in the applicable governing and offering documents for each of the Funds. In the case of SMAs, more detailed information is contained in the relevant investment management agreement.

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

As noted in Item 5 above, the Funds and SMAs are charged performance based fees. These performance fees could potentially incentivize DG Partners to make riskier investments than would be the case in the absence of such fees. The Firm has a well-defined investment process designed to minimize this potential conflict.

Since the Firm manages client accounts with different compensation structures on a side-by-side basis, the Firm has a potential conflict and incentive to favor certain higher fee-paying accounts over lower fee-paying accounts. DG Partners believes that the nature of its investment strategy and its well-defined investment process minimize this potential conflict. In addition, the Firm has adopted allocation policies and procedures designed to minimize potential side-by-side management conflicts.

Item 7. Types of Clients

As described above, DG Partners provides discretionary investment advisory services to the Funds and to SMAs.

Investors in the Funds are generally required to make a minimum initial investment which varies based on the Share Class of each fund, with subsequent minimum increments also based on the Share Class. The directors of the Funds reserve the right to waive the minimum initial investment amounts as well as the subsequent minimum increments.

U.S. investors in the Funds are typically limited to persons who are “qualified purchasers” as that term is defined in the Investment Company Act of 1940, and “accredited investors” as that term is defined in SEC Rule 501(a) under the Securities Act of 1933.

SMA clients are typically limited to institutions and other professional investors. The optimal minimum initial investment amount to establish an SMA is \$50 million. The Firm reserves the right to waive the minimum initial investment amount at its discretion.

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

Methods of Analysis and Investment Strategies

DG Partners pursues global macro and systematic trading investment strategies on behalf of its clients.

The Firm’s global macro strategy involves active trading in a wide range of instruments, contracts, and other products, in certain cases on a leveraged basis.

The Firm’s systematic trading strategy is based on a set of medium-term trend-following signals combined with an in-built risk management methodology. The philosophy of the strategy is that predictable patterns exist in financial markets and that it is possible to construct a well-diversified portfolio that will generate strong risk-adjusted returns across a range of trading environments. The strategy is a fusion of practical and academic approaches.

DG Partners monitors compliance with the investment objectives and restrictions set forth in the applicable governing documents of the Funds.

Risk of Loss

The investment strategies pursued by DG Partners as summarized above will be subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest.

The descriptions contained below are a brief overview of associated risks related to DG Partners' investment strategies; however, they are not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in managing the client accounts. The Funds' governing and offering documents contain a more detailed discussion of the associated risks of the Firm's investment strategy.

General Investment Risks

An investment in the strategies is highly speculative and involves a high degree of risk due to the nature of the investments and the investment strategies and trading strategies to be employed. An investment in the strategies should not in itself be considered a balanced investment program. Investors and clients should be able to withstand the loss of their entire investment.

Futures Trading May be Volatile

Futures prices may be volatile and may exhibit a high degree of variability. Price movements for futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. In addition, governments from time to time intervene in certain markets, directly and by regulation, often with the intent to influence prices directly. This volatility, combined with the leverage used in futures trading can cause large and sudden losses of capital and may result in the total loss of an investment or, in certain circumstances, a total loss in excess of a total investment.

Non-U.S. Exchanges and Markets

DG Partners engages in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets involves certain risks not applicable to trading on United States exchanges and is frequently less regulated. For example, certain of such exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do United States exchanges.

Decisions Based on Trend Following Analysis

The trading decisions made on behalf of clients will be based in part on trading strategies which utilize mathematical analyses on past market price movement. The profitability of any trading strategy based on this type of historical analysis is determined by the relationship of future price movements to historical prices, and the ability of the strategy to adapt to future market conditions. DG Partners attempts to develop strategies which will be successful under many possible future scenarios. There can be no guarantee, however, that these systematic strategies will be successful.

Economic and Market Conditions

The success of the strategies will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of investments' prices and the liquidity of the investments. Volatility or illiquidity could impair the strategies' profitability or result in losses.

Potential Implications of Britain's Withdrawal from the European Union ("Brexit")

In a referendum held on 23 June 2016, the electorate of the United Kingdom resolved to leave the European Union, and the formal process was triggered at the end of March 2017. The result has led to political and economic instability, volatility in the financial markets of the United Kingdom and more broadly across Europe. It may also lead to weakening in consumer, corporate and financial confidence in such markets as the UK negotiates its exit from and future relationship with the EU. The longer term process to implement the political, economic and legal framework between the UK and the EU is likely to lead to continuing uncertainty and periods of exacerbated volatility in both the UK and in wider European markets. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may also cause increased economic volatility in wider European and global markets. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of DG Partners to execute its respective strategies and to receive attractive returns.

Coronavirus

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. In particular, a number of governments have imposed restrictions on citizens and commercial activity. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. This may have an adverse effect upon the performance of DG Partners' strategies and the value of investments traded. DG Partners is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

Derivatives Risk and Volatility

DG Partners' investment strategies may involve the purchase and sale of relatively volatile instruments such as derivatives. Price movements of forward contracts, futures contracts and other derivative contracts 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. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments.

Counterparty Risk

Clients will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Liquidity

In extreme market conditions, it may be difficult for an investor or client to realize an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realizing his investment or may incur a dilution adjustment. Depending on

the types of assets invested in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

Leverage

A proportion of the strategies' capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying vehicles would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles could result in a substantial loss to capital that would be greater than if capital were not leveraged.

Item 9. Disciplinary Information

DG Partners does not have any disciplinary information to disclose.

Item 10. Other Financial Industry Activities and Affiliations

DG Partners is a registered Commodity Pool Operator with the Commodity Futures Trading Commission and is an approved Swap Firm and a member of the National Futures Association.

As mentioned previously, BH-DG is an investment adviser and a commodity trading adviser ("CTA") that is under common control with DG Partners, and is therefore an affiliate of the Firm. Certain staff members of the Firm are employees or members of BH-DG and are seconded to DG Partners pursuant to a secondment and services agreement between DG Partners and BH-DG. Similarly, certain staff members of BH-DG are employees or members of DG Partners and are seconded to BH-DG pursuant to the same agreement. DG Partners believes that potential conflicts of interest arising from this affiliation are mitigated by the terms of the secondment and services agreement as well as by DG Partners' compliance policies and procedures and organisational arrangements.

An affiliate of BH-DG, Brevan Howard US, LLC ("BHUS") is a registered broker-dealer, and may act as a placement agent for one of more of the funds managed by DG Partners. DG Partners believes that any potential conflicts of interest arising from the affiliation of BHUS with BH-DG or acting as a fund placement agent to such funds are mitigated by DG Partners' compliance policies and procedures.

An affiliate of BH-DG, Brevan Howard Asset Management LLP ("BHAM") may act as a capital introduction service provider to DG Partners and/or BH-DG. DG Partners believes that any potential conflicts of interest arising from the affiliation of BHAM with BH-DG or acting as a capital introduction service provider to DG Partners and/or BH-DG are mitigated by DG Partners' compliance policies and procedures.

An affiliate of DG Partners, DG Partners US, LLC ("DGUS") is registered as a CTA with the Commodity Futures Trading Commission and is a member of the National Futures Association. DGUS has also entered into an arrangement with Foreside Financial Services, LLC ("Foreside"), a broker-dealer registered with the Financial Industry Regulatory Authority, pursuant to which certain of DGUS's marketing employees may be contracted to Foreside, allowing them to provide marketing services in respect of certain private funds managed by DG Partners. By virtue of being a CTA, DGUS may also provide marketing services to potential SMA clients of DG Partners and/or BH-DG who wish to pursue systematic trading strategies. DG Partners believes

that any potential conflicts of interest arising from the affiliation of DGUS with DG Partners or arising from DGUS providing marketing services to DG Partners and/or BH-DG are mitigated by DG Partners' compliance policies and procedures.

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

DG Partners has adopted a Code of Ethics policy which, among other things, contains provisions designed to (i) prevent improper personal trading by staff; (ii) prevent improper use of material, non-public information about securities recommendations made by DG Partners or securities holdings of advisory clients and (iii) identify conflicts of interest, including monitoring of gifts and entertainment issues that could arise involving DG Partners or its personnel.

A copy of the Firm's Code of Ethics shall be provided to any investor or prospective investor upon request.

Item 12. Brokerage Practices

Best Execution

DG Partners maintains approved counterparties with whom orders are typically placed. DG Partners generally has discretion to choose a counterparty for executing orders, but in doing so shall assess and balance a range of all relevant factors which the Firm considers (in its reasonable determination) relevant to achieving the best result for clients.

On a periodic basis, the list of approved counterparties will be reviewed and, where appropriate, the list will be amended.

The typical factors that are considered to determine the manner in which an order will be executed include the following:

- price;
- costs;
- speed;
- likelihood of execution and settlement;
- size;
- nature; or
- any other consideration relevant to execution of the order (for example, the minimisation of the potential market impact of the execution of the order).

In determining the relative importance of these factors, the Firm will take into account

- the characteristics of the client, including the categorisation of the client;
- the characteristics of the client order, including where the order involves a securities financing transaction;
- the characteristics of the financial instrument that are the subject of that order; and
- the characteristics of the brokers and/or execution venues to which that order can be directed.

Trade Errors

DG Partners will seek to detect trade errors prior to settlement and promptly correct and mitigate any trade error losses. Certain trade errors will be borne by the Funds depending on the circumstances. To the extent that a trade error is caused by a counterparty of the Funds, such as a broker or agent, the Firm will seek to recover any related trade error losses from such counterparty. The Firm in its sole discretion may offset any trade error income with trade error losses.

Soft Dollars/Client Commission Usage

The Firm has not entered into any soft dollar or client commission sharing agreements.

Item 13. Review of Accounts

The Firm reviews the investments in the strategies on an ongoing basis and will provide reports to investors and clients as set forth in the organizational and offering documents of the Funds as well as in the investment management agreements for the SMAs.

Item 14. Client Referrals and Other Compensation

As previously described, BHUS may act as placement agent to one or more funds managed by DG Partners, BHAM may act as a capital introduction service provider to DG Partners and DGUS (via Foreside) may provide certain marketing services to DG Partners.

Item 15. Custody

The cash and securities of the Funds and the SMA clients are held by third party custodians and DG Partners does not have custody of such cash or securities. However, DG Partners may be deemed to have constructive custody because an affiliate acts as general partner of the Funds. Accordingly, where applicable, the Firm will comply with the “audit exception” to the SEC’s custody rule and deliver audited financial statements to investors in the Funds within 120 days of the Funds’ fiscal year end.

Item 16. Investment Discretion

DG Partners has discretionary authority to manage the assets of the Funds and the SMAs in a manner consistent with the stated investment objectives and guidelines of the Funds’ organizational and offering documents and the investment management agreements.

Item 17. Voting Client Securities

The investment strategies pursued by DG Partners do not currently involve the trading of single name equities. Accordingly, the Firm does not vote proxies. In the event that the Firm’s strategies change to include the trading of such securities, the Firm will adopt policies and procedures setting forth its voting responsibilities for proxies. A copy of such policies and procedures will be available upon request, as well as a record of all votes cast on behalf of the Firm’s clients.

Item 18. Financial Information

DG Partners has never filed for bankruptcy and is not aware of any financial condition that is likely to impair its ability to provide services to clients.