

DSAM Partners (US) LLC

Part 2A of Form ADV

The Brochure

9 West 57th Street, 36th Floor
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This brochure provides information about the qualifications and business practices of DSAM Partners (US) LLC (“DSAM US” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at +44 (0)20 7016 8600. 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 DSAM US is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

There have been no material changes to this Brochure since our last annual updating amendment in March 2019.

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Item 4. Advisory Business

DSAM US is located in New York and provides certain services related to marketing support, trade execution and investment research to DSAM Partners (London) Ltd (“DSAM UK”), a London-based affiliate. DSAM US is ultimately majority owned by Guy Shahar and James Diner, although smaller interests in the parent entity have also been awarded to other personnel of the Firm.

As of December 31, 2019, the Firm has approximately \$1,550,800,000 in assets under management.

Item 5. Fees and Compensation

The Firm is reimbursed by DSAM UK for certain costs related to the services the Firm provides to DSAM UK and DSAM UK’s clients. DSAM US does not charge any fees or expenses directly to clients or investors in the funds. For information on the fees and expenses charged to clients and investors by DSAM UK, please refer to DSAM UK’s Form ADV Part 2A.

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

DSAM US does not charge or earn any performance-based fees.

Item 7. Types of Clients

As noted previously, at present, DSAM US provides certain investment advisory services to DSAM UK and DSAM UK’s clients, who are pooled investment vehicles, offered in the U.S. as private funds, as well as segregated accounts for institutional clients. As part of its relationship with DSAM UK, DSAM US provides research, analysis and trade execution to DSAM UK which DSAM UK uses for the benefit of its clients. For more information regarding the clients of DSAM UK, please refer to the Form ADV Part 2A of DSAM UK.

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

As mentioned previously, at present, DSAM US formally provides investment advisory services solely to DSAM UK for the benefit of DSAM UK’s clients. For a discussion of the methods of analysis, investment strategies, and risk of loss associated with investments made by DSAM UK, please refer to the Form ADV Part 2A of DSAM UK.

Investment Risks

Please refer to the Form ADV Part 2A of DSAM UK for the investment risks associated with an investment in either the pooled investment vehicles or managed accounts managed by DSAM UK. Any investment in the DSAM UK strategies involves a high degree of risk, including the risk that the entire amount invested may be lost.

Item 9. Disciplinary Information

There are no material disciplinary actions against DSAM US to disclose.

Item 10. Other Financial Industry Activities and Affiliations

As noted previously, the Firm is affiliated and under common control with DSAM UK. DSAM UK is also authorized and regulated by the Financial Conduct Authority (“FCA”) in the UK.

DSAM US is also affiliated with DSAM Cayman GP Limited, an exempted company incorporated under the laws of the Cayman Islands, serves as the general partner of the onshore feeder funds managed by DSAM UK. The directors are Grant Jackson, Gary Linford and Steve Chapman.

DSAM Cayman LP, a Cayman Islands exempted limited partnership, has been appointed as Manager to the Funds and its general partner is DSAM Cayman Limited. The directors of DSAM Cayman Limited are Patrick Agemian and Mark Fagan.

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

Code of Ethics and Personal Trading

DSAM US has adopted a Code of Ethics and Personal Account Dealing (“PA Dealing”) Policy which requires all employees to obtain pre-approval from the Firm’s Compliance Officer or his designee for any personal account trade in order to avoid any conflict of interest arising between the trades to be placed by that individual and those placed by the Firm on behalf of its clients. Dealing approval is not granted for any trading in any instrument (or related instrument) that is currently held by any fund or managed account managed by the Firm.

Approval of all trades, other than cash transactions (which require no pre-approval such as foreign exchange) is at the absolute discretion of the Compliance Officer.

Dealing is only permitted for transactions in sectors and indices-type investments (e.g. ETFs). Trades in any other financial instruments (e.g. single stocks) are not be permitted.

The Firm requires all employees to submit initial and annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1. A copy of DSAM US's Code of Ethics is available upon request by contacting the phone number on the front of this brochure.

Employee Participation in the Funds

Employees of the Firm who meet the relevant regulatory requirements may invest in the funds managed by DSAM UK. Employees invested in such funds may have reduced or waived management and performance fees, and may have more flexible liquidity terms than un-affiliated investors.

Item 12. Brokerage Practices

DSAM US follows the execution practices of DSAM UK. To that end, the execution practices of DSAM UK are noted below. References to "DSAM" or "the Firm" are inclusive of DSAM US and DSAM UK.

Best Execution

DSAM's delivery of best execution is a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. DSAM is required to take all sufficient steps to obtain the best possible result for its clients when it executes, places or transmits orders on their behalf, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (referred to as the 'execution factors').

The Firm expects all staff to act in accordance with the policy below at all times. DSAM acts in the best interest of its client(s), when executing orders or placing orders with other entities for execution. To ensure that the Firm takes all sufficient steps to obtain the best possible result for its client(s) it has considered the relative importance of the execution factors, taking into account:

- the characteristics of the client;
- the characteristics of the client order;
- the characteristics of the financial instrument that are subject to that order; and
- the characteristics of the execution venues to which that order can be directed.

The execution factors, in order are:

- price;
- cost;
- speed;
- size and or nature of the transaction; and
- likelihood of execution and settlement.

DSAM primarily deals in liquid stocks in relatively small volume. Therefore, it has been concluded that price will merit a high relative important in obtaining the best possible result,

although it is noted that the Firm may appropriately determine that other factors may be more important in certain situations.

To help DSAM achieve best execution, it has ensured that its brokers classify it as a “professional client” (as defined under FCA rules) therefore owing, in turn, DSAM a duty of best execution.

DSAM aims to exercise the same standards and operate the same processes across all the different markets and financial instruments on which it places trades. However, the diversity in those markets and instruments and the kind of orders that DSAM may carry out on behalf of its clients may mean that different factors have to be taken into account when assessing how to achieve best execution. For example, in some markets price volatility may mean that the timeliness of execution is a priority, where in other markets that have low liquidity, the fact of execution may itself constitute best execution. In other cases, the choice of venue may be limited because of the nature of the order or because of clients’ other requirements

DSAM has established a Brokerage Committee that meets on a semi-annual basis to assess whether the execution venues listed above continue to provide the best possible result for the Firm’s clients. As part of this review, the Firm takes into consideration the annually published execution data made available by trading venue operators and other investment firms. The Brokerage Committee approves all execution venues (and their terms of engagement). Execution venues may only be added to the list with the consent of the Brokerage Committee and they will consider factors including but not limited to: credit and counterparty risk; the level of service; and markets covered during their due diligence process and ongoing review. Where only one execution venue is available to DSAM for a particular class of financial instrument, the Brokerage Committee will additionally consider whether the execution venue enables the Firm to consistently achieve the best results for its clients and whether any other suitable venues exist.

Only approved brokers, counterparties and execution venues may be used.

Payment for Research

DSAM is prohibited from accepting non-monetary benefits from a third-party that relate to the provision of portfolio management to a client unless they are acceptable minor non-monetary benefits or certain third-party research. Research bundled into transaction costs has been identified as amounting to a material inducement by European regulators and is prohibited.

Third-party research (other than research that has been identified as an acceptable minor non-monetary benefit) is not considered to be an inducement where it is paid from a separate research payment account (“RPA”) controlled by the Firm on behalf of its clients.

The RPA is funded by specific research charges to clients set by DSAM in accordance with a pre-agreed research budget. The research budget is set by determining the forecast amount needed for third-party research to assist the Firm in making the best possible decisions for its clients. The budget must not be linked directly or indirectly to the volume and/or value of transactions executed on behalf of clients. The Firm’s clients all have sufficiently similar mandates and investment objectives that investment decisions for each are informed by the same research inputs. As such, the research budget is set to include all clients. Costs will be allocated to clients

on a pro-rata basis based on the value of each client's portfolio. Charges made to clients for the purposes of research may not be used to fund internally generated research or to cover any other purposes, such as charges for execution. The RPA will be billed on a quarterly basis.

The Firm must regularly assess its research budget and the quality of the research purchased. The total amount of research charges collected from clients must not exceed the research budget. If there is a surplus in the RPA at the end of a period, it must be rebated to clients or offset against the budget and research charges for the following budget period.

Trade Errors

The Firm will seek to detect trade errors prior to settlement and promptly correct and mitigate any losses incurred by clients. To the extent that the Firm is entitled to exculpation under the terms of the relevant investment management agreement in connection with any acts or omissions that result in any trade error losses, those losses will be borne out of the assets of the relevant client. Where any trade error loss is caused by a counterparty, such as a broker, then the Firm will seek to recover any such trade error losses from that counterparty.

Trade Aggregation and Allocation

The Firm's aggregation and allocation policy is designed to ensure that where the Firm aggregates a client transaction with that of another client and subsequently allocates the executed transaction, those allocations are applied in an equitable and consistent manner and in accordance with FCA requirements. The Firm will not aggregate transactions if they are likely to work to the disadvantage of any client whose order is to be aggregated.

The fully executed order, or partially filled orders, will be allocated amongst such clients on a pro-rata basis according to the assets of each client in proportion to the total assets of all clients whose trades have been aggregated. Allocation of aggregated orders shall be at the same average price for each client whose order was aggregated. When it is not possible to accurately pro-rate the fully executed order (or orders that are partially filled), the Chief Investment Officer will consider how the remaining lots or odd shares should be allocated between clients. This decision process is duly recorded by the Compliance Officer.

Item 13. Review of Accounts

The DSAM group's risk team reviews all portfolios on an ongoing trading day-to-day basis to ensure that they are in line with the investment objectives and restrictions outlined in the relevant PPMs and investment management agreements. All client reporting is managed by DSAM UK.

For investors in the Funds, DSAM UK provides a weekly estimate of the relevant Fund's net asset value, a monthly official NAV and performance report, and exposure reports on request.

The Funds' administrator, Citco Fund Services, provides each investor with an account statement for the relevant Fund on a monthly basis. In addition, each of the Funds is subscribed to Citco Fund Services' transparency reporting service which is also available to investors.

“Significant investors” in the Funds may receive access to additional information and reporting not available to all investors. While it is expected that any such significant investor would have committed its capital for an extended period, such capital may form a significant part of the relevant fund, especially during the initial phase, and the withdrawal of such capital which may not be subject to deferral, could have a material and adverse effect on the relevant fund, including the premature termination of the fund.

DSAM UK will provide managed account clients with reporting as outlined in the relevant investment management agreement for that client.

Item 14. Client Referrals and Other Compensation

DSAM US does not pay referral fees to any third parties and does not receive any compensation for referrals to third parties.

Item 15. Custody

Neither DSAM UK nor DSAM US act as a qualified custodian for client assets. All of DSAM UK’s clients’ accounts are held in custody by unaffiliated broker-dealers or banks. However, as a result of the General Partner and Manager of the Funds being affiliated with DSAM US, DSAM US may be deemed to have custody of the Funds’ assets. In compliance with the Custody Rule under the Investment Advisers Act, DSAM US ensures that all of the Funds are audited on an annual basis in accordance with U.S. GAAP and that the audited financial statements distributed to all investors within 120 days of the relevant fund’s fiscal year end.

Item 16. Investment Discretion

DSAM US generally provides advisory services to DSAM UK on a non-discretionary basis.

Item 17. Voting Client Securities

As mentioned previously, DSAM US generally provides non-discretionary management services solely to DSAM UK and therefore is not in a position to vote proxies. For information regarding DSAM UK’s proxy voting policy please see its Form ADV Part 2A.

Item 18. Financial Information

DSAM US has never filed for bankruptcy and is not aware of any financial condition that is

expected to materially impact the ability of the Firm to manage client accounts.