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This firm brochure (the "Brochure") provides information about the qualifications and business practices of Daemon Investment and Asset Management, LLC ("DIAM" or "we"). If you have any questions regarding the contents of this Brochure, please contact our Chief Compliance Officer ("CCO"), Vitor Rhein Schirato at (786) 577-3074 or via e-mail at vitor.schirato@daemoninvestments.com, or Deputy Compliance Officer Giuliana Soldi at (786) 577-3076 or via e-mail at giuliana.soldi@daemoninvestments.com. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Daemon IAM is also available on the SEC's website at www.adviserinfo.sec.gov.

Daemon IAM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an investment adviser does not in any way constitute an endorsement by the SEC of an investment adviser's skill or expertise, nor does it imply a certain level of skill or training.

ITEM 2 | MATERIAL CHANGES

This Brochure replaces the latest version of the Brochure since the last annual filing dated March 30, 2020. This Brochure reflects DIAM's slight change in ownership percentages, an increase in management fee, and DIAM's updated assets under management. No other material changes were made since the last annual filing.

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ITEM 4 | ADVISORY BUSINESS

Daemon Investment and Asset Management, LLC ("DIAM") is an investment adviser that serves as an adviser to the Daemon Investment Fund ("DIF"), and as a sub-adviser to Daemon Investments SP ("DISP") on behalf of Daemon Investimentos Ltda ("Daemon Investimentos," together with DIF, "Clients").

DIAM offers DIF, a fund incorporated in the Cayman Islands, an investment management strategy that focuses primarily on instruments relating to Brazilian export finance and Brazilian public debt. In particular, as described in more detail in "Methods of Analysis, Investment Strategies and Risk of Loss" in Item 8 below, DIAM provides investment advice to DIF in connection with *Programa de Financiamento às Exportações*, also known as the Export Financing Program ("PROEX"), a Brazilian government program designed to stimulate investment in the export of Brazilian products. The PROEX program, managed by Banco do Brasil, seeks to equalize interest rates available to importers of Brazilian capital goods such that they receive financing with similar terms to those provided by Export Credit Agencies of other exporting countries. This interest rate equalization is carried out by the Brazilian Government by delivering certain Brazilian government bonds denominated in US Dollars to lenders that finance Brazilian exports.

DIAM provides advice to DISP pursuant to an Investment Advisory Agreement that was entered into with Daemon Investimentos, as DISP's Manager. DISP is a segregated portfolio within the MS Frontier SPC Fund (the "Frontier Fund"). The Frontier Fund is an open-ended investment fund, established as an exempted company under the laws of the Cayman Islands, that is composed of a number of segregated portfolios. The Frontier Fund appointed Daemon Investimentos to manage the DISP portfolio ("Portfolio"), and Daemon Investimentos appointed DIAM to provide advice to DISP. DIAM advises DISP on investment selections. In doing so, DIAM uses a quantitative process to inform investment selections. DIAM's investment algorithm is based on years of proprietary research in quantitative factor investing. The algorithm aims to capture risk factors that deliver superior risk-adjusted returns. According to proprietary research and academic finance literature, factors such as time series momentum (a/k/a, trend-following), cross-section momentum and carry, deliver superior risk-adjusted returns. These strategies are applied to highly liquid futures instruments in asset classes such as equity indexes, interest rates, currencies and commodities in international global markets.

DIAM is a Florida Limited Liability Company based in Miami, Florida that was organized in May 2016 for the purpose of providing investment advice to its Clients. The controlling members of DIAM are Sergio Rhein Schirato and Edson

Queiroz. Each of Messrs. Schirato and Queiroz owns 45.45% of the membership interests in DIAM.

In providing investment advice to its Clients, DIAM uses the investment experience and expertise of its principals, particularly its partners Edson Queiroz, Sergio Rhein Schirato, Vitor Rhein Schirato and Gabriel Motta.

Vitor Rhein Schirato serves as the CCO of DIAM. It is important to note that the founding partners control both DIAM and Daemon Investimentos. Please see Item 10 for more detail on these arrangements and the conflicts they pose.

DIAM tailors specific investment advice to its Clients based on the Clients' investment objectives, characteristics and any Client-imposed investment restrictions, as established by DIAM and the Clients and generally set out in a separate investment management agreement, limited liability company agreement, offering memorandum and/or other governing documents (collectively, the "Governing Documents"). Additional information regarding DIAM's investment process and how it addresses the needs of its Clients is contained throughout this Brochure. As of this filing, DIAM has US\$ 3,962,352,145 in assets under management.

DIAM does not participate in any wrap fee programs.

ITEM 5 | FEES AND COMPENSATION

5.1. DIF pays DIAM a quarterly management fee of US\$1,375,000, payable in advance on the first business day at the beginning of each quarter.

In addition, DIAM is entitled to a performance-based fee of 5.00% of DIF's total income as stated in DIF's financial statements, or US\$3 million yearly, whichever is greater. The performance fee is charged quarterly in arrears, on the first day of the following quarter. DIAM may choose to waive a portion of or all of the quarterly performance fee at its sole discretion.

The performance fee is based on DIF's "total income." Total income is calculated as follows:

- (i) the discounted value of the Brazilian National Treasury bonds held, brought to present value using market rates; *minus*
- (ii) the amount due to counterparties for securities purchased, also brought to present value at market rates; *plus or minus*
- (iii) changes in fair value of items (i) and (ii); *plus*
- (iv) interest income on promissory notes; *minus*

- (v) interest expense on deposits payable.

The management fee is paid in advance of services provided. In the event DIF terminates its relationship with DIAM, fees will be pro-rated for the number of days the account was under management and DIAM will issue a refund to DIF. Pursuant to the investment management agreement, 30 days notification is required before the effective date of termination. No penalty will be charged for termination. DIF pays additional fees to an administrator under an administration agreement.

In addition to the fees above, DIF generally must bear all of its administration and operating expenses, which may include:

- i. postage, telephone and facsimile expenses;
- ii. organizational expenses;
- iii. the costs of initial and ongoing filing requirements relating to DIF;
- iv. legal, auditing and accounting fees and expenses (including costs of reports to DIF, financial statements, and tax returns);
- v. director's fees;
- vi. travel expenses related to the administration and affairs of DIF;
- vii. bank and custodial fees related to DIF's accounts;
- viii. transaction and currency costs related to the management of DIF's assets;
- ix. all extraordinary expenses (such as litigation);
- x. interest on and fees and expenses arising out of all permitted borrowings made on behalf of DIF;
- xi. any taxes, fees or other governmental charges levied against DIF and all expenses incurred in connection with any tax audit, investigation, settlement or review of DIF's account; and
- xii. other administrative expenses associated with DIF that are not part of the administration fee.

DIF incurs brokerage and other transaction costs, as discussed more fully under "Brokerage Practices" in Item 12 below.

5.2. DIAM currently receives no management fee or other compensation for sub-advising DISP.

5.3. Neither DIAM nor any of DIAM's supervised persons accept commissions or markups or other compensation for the sale of investment products that DIAM recommends to its Clients in addition to its advisory fees.

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

As stated above, DIAM charges DIF a performance-based fee of 5.00% of DIF's total income as defined in its financial statements, or US\$3 million yearly, whichever is greater. As of the date of this Brochure, DIF and each investor in DIF are deemed to be a "qualified client" under Rule 205-3 of the Advisers Act. Performance-based fees are only charged if the Client and the investors in the Client, at the time of entering into a Governing Document with DIAM, are each deemed to be a "qualified client" under Rule 205-3 of the Advisers Act.

DIAM currently expects to limit its services to two clients. However, there are inherent conflicts of interest in the side-by-side management of the Clients. Performance-based fee arrangements create an incentive for an adviser to take risks in managing assets that would not otherwise be taken in the absence of such arrangements. Similarly, DIAM may have an incentive to favor larger or higher fee-paying accounts because they can generate more revenue for DIAM. Due to the differing strategies of the Clients, allocation of investment opportunities is not currently deemed to be a risk or conflict. For additional discussion of potential conflicts of interest, please see Item 10 | Other Financial Industry Activities and Affiliations.

ITEM 7 | TYPES OF CLIENTS

DIAM currently provides investment advice to two Clients, a Cayman private fund and a Cayman open-ended investment fund manager located in Brazil, as a sub-adviser. In the future, DIAM may provide additional discretionary portfolio management services as an investment adviser or sub-adviser to offshore accounts, private funds, and/or private accounts for certain institutional clients.

ITEM 8 | METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

An investment in one or both of the funds is speculative and involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment and can afford to lose the entirety of their investments. There can be no assurances or guarantees that (i) a fund's investment objectives will prove

successful, or (ii) investors will not lose any portion or all of their investment in a fund.

The methods of analysis, investment strategies and risks related to DIF and DISP are separately described below:

DIF (Daemon Investment Fund)

(a) Investment Strategy

DIAM's strategy for DIF focuses primarily on Brazilian export finance, and in particular, the Brazilian PROEX program. Accordingly, DIAM provides investment advice to DIF on originating and managing: (i) securities or credit instruments representing credit transactions related to the financing of export transactions of Brazilian companies; (ii) debt securities or financing transactions in which DIF may act as a direct lender to Brazilian export companies, or importers of Brazilian goods; and (iii) Brazilian sovereign debt securities. DIAM may also advise DIF on acquiring securities or credit instruments from other lenders participating in the PROEX program. Given the investment objectives and restrictions of DIF, DIAM primarily seeks to pursue the three investment strategies described below.

(i) *Credit instruments related to the financing of export transactions of Brazilian producers of capital goods*

DIF's primary objective is to structure and finance exports of Brazilian capital goods. DIF typically enters into a Note Purchase agreement with a debtor involved in an export transaction, under which DIF assumes the commitment of financing a series of these transactions for a period of time or up to a certain US Dollar amount. In connection with this agreement, DIF requires the debtor to post cash collateral in an amount not less than the total outstanding exposure of DIF, at any time. By financing exports of capital goods, DIF is eligible to request and receive an interest rate equalization under the Brazilian Government's PROEX program, in the form of Brazilian government bonds.

DIAM is responsible for identifying companies that:

- A. are eligible to participate in the PROEX program;
- B. are willing to comply with international trading regulations;
- C. have export transactions meeting the criteria set by the Brazilian government in the PROEX program; and
- D. have a volume of exports that supports the costs involved in the transaction.

DIAM relies on the expertise of its principals to identify target companies and evaluates a number of factors in conducting research and diligence.

(ii) *Rights of equalization and NTN-I Bonds*

As a result of the credit transactions described above, DIF is eligible to receive certain US Dollar-indexed Brazilian sovereign debt from the Brazilian National Treasury, known as NTN-I bonds. In addition to the bonds received in connection to exports directly financed by DIF, DIF also purchases NTN-I bonds or rights to receive NTN-I bonds linked to transactions financed by third parties.

(iii) *Other Brazilian Sovereign Bonds*

The Client may hold other Brazilian bonds in connection with the sale of NTN-I bonds. In those cases, DIAM seeks to minimize DIF's market exposures by selling the bonds as soon as practicable, or completely hedging the currency and rates exposures of these instruments.

(b) Material Risks of Key Investment Strategies

Investing in securities involves a risk of loss that clients should be prepared to bear. The list below includes some material risks relating to DIAM's key investment strategies. This does not purport to be a complete list of risks applicable to DIAM's investment strategy. The risks below should be read in conjunction with DIF's offering documentation.

(i) *Changes in Applicable Law and the PROEX Program*

DIAM's investment strategy is currently focused on the Brazilian PROEX program. Consequently, any changes to applicable law or the operation of the PROEX Program could materially affect DIAM's investment strategy.

(ii) *Currency Risk*

DIAM provides investment advice relating to securities denominated in various currencies. Currency fluctuations may materially affect the net asset value of DIF's investments.

(iii) *Credit Risk*

Brazilian government bonds carry the risk of default. In addition, bonds carry the risk of being downgraded by the rating agencies which could have implications on price. A change in economic conditions in Brazil could adversely affect these factors, which could affect DIAM's ability to use the NTN-I Bonds to equalize interest rates in lending to Brazilian export companies.

(iv) *PROEX Operational Risk*

The PROEX program requires DIAM to comply with a number of operational procedures, from booking promissory notes to executing foreign exchange trades in a particular manner. Errors or omissions in performing these tasks may lead to undesirable market exposure, both of which can affect the net asset value of DIF's investments.

DISP (Daemon Investments SP)

(a) Investment Strategy

The investment objective of DISP is capital appreciation with controlled risk. Accordingly, DIAM will use a multi-strategy portfolio of quantitative factors (including, but not limited to, momentum, value, carry, volatility) and quantitative arbitrage to achieve the objective.

DISP has the flexibility to invest in a wide range of instruments. Consequently, it has not imposed any particular investment restrictions with regard to the assets of the Portfolio.

When deemed appropriate, DISP may employ leverage in respect of the Portfolio for working capital and/or as part of the investment strategies. Such leverage may include, without limitation, borrowing cash, securities and other instruments, purchasing futures and entering into derivative transactions and repurchase agreements. DISP may pledge assets of the Portfolio as security for borrowings. The use of leverage will increase the risk of an investment in the Portfolio.

Daemon Investimentos, in its capacity of investment manager to DISP may seek to hedge the currency exposure of the Portfolio to currencies other than the US Dollar. Daemon Investimentos may also seek to hedge the currency exposure between the Dealing Currency of any Class and the US Dollar. Daemon Investimentos may use spot and forward foreign exchange contracts or other methods of reducing exposure to currency fluctuations.

Daemon Investimentos may also take speculative positions in currencies for the benefit of the Portfolio as a whole.

The investment objective, investment strategies, investment restrictions and limits on leverage summarized above represent the current intentions and may change. Shareholders will be given prior written notice of the proposed changes and will either be asked to consent to the proposed changes or will be given an opportunity to redeem their Participating Shares prior to the changes taking effect.

(b) Material Risks of Key Investment Strategies

As explained in Item 4 “Advisory Business,” DIAM’s investment philosophy as it relates to DISP is focused on providing an innovative approach to portfolio management by applying quantitative methods to portfolio construction. Material risks associated with DIAM’s quantitative investment selection process include, but are not limited to the following:

(i) *Risk of Loss*

There are inherent risks associated with investing in securities markets. Investing in securities involves risk of loss that clients should be prepared to bear. The risks will vary based on the nature and attributes of the relevant investment strategy and the specific securities and other instruments held. There is no performance guarantee associated with investing in the investment strategy.

(ii) *Investment Process Risk*

The mathematical investment selection process used by DIAM may not achieve the desired results.

(iii) *Reliance on Quantitative Analysis*

There can be no assurance that quantitative methods will be accurate and work as intended, or that they will not result in significant losses. The effectiveness of such methods may diminish over time and attempts to apply existing quantitative methods to new markets may prove ineffective.

(iv) *Implementation Risk*

DIAM makes every reasonable effort to reduce the likelihood of material errors occurring during the implementation of its mathematical investment selection process. Regardless of the effectiveness of our risk-mitigation efforts, it is not possible to completely eliminate the risk of error as it relates to the programming or coding of the systems that govern the portfolio selection functions.

Additional material risks associated with DIAM’s investment strategies related to DISP are listed below. They are not meant to be a complete list, but only those that DIAM consider to be material. Potential investors should read the offering documents, as well as consult with legal, tax and financial advisers before deciding to invest in DISP.

(i) *Leverage and Borrowings*

The Portfolio will employ leverage, including through borrowing, for the purpose of making investments. The use of leverage creates special risks and may significantly increase the investment risk of the Portfolio. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the exposure of the Portfolio to capital risk and interest costs. The use of leverage may expose the Portfolio to the risk of margin calls or interim margin requirements which may force premature liquidation of investment positions. This may cause the Portfolio to suffer significant losses even if the value of such investments recovers subsequently.

(ii) *Counterparty Risk*

The Portfolio is subject to the risk of the inability of any counterparty (including any prime brokers and custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other circumstances. The Portfolio is subject to the risk that counterparties may not have access to finance and/or assets at the relevant time and may fail to comply with their obligations under the relevant sale and repurchase agreements.

(iii) *Futures Contracts - Volatility*

Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the Portfolio. Like other leveraged investments, any purchase or sale of a futures contract may result in losses that exceed the amount invested. Relatively small futures positions have the potential to significantly erode or erase the Portfolio's gains in other investments.

(iv) *Market Liquidity*

The Portfolio may be adversely affected by a decrease in market liquidity for the instruments in which it invests which may impair its ability to adjust its positions. The size of the Portfolio's positions may magnify the effect of a decrease in market liquidity for such instruments.

(v) *Futures Contracts - Margin Requirements*

Margin requirements for commodities trading are set by the individual commodity exchanges or other trading facility for each type of commodity contract based upon the perceived volatility of each type of contract. Margin requirements vary not only by the type of commodity contract, but also depending upon whether the transaction is for "bona fide hedging". Margin requirements for transactions that are not bona fide hedging are significantly higher than for bona fide hedging transactions.

(vi) *Futures Contracts - Daily Price Fluctuation Limits*

Commodity exchanges and trading facilities limit fluctuations in certain commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity cannot be taken or liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. This could prevent the prompt liquidation of unfavorable positions and subject the Portfolio to substantial losses.

(vii) *Futures Contracts - Possible Effects of Speculative Position Limits*

Certain exchanges and trading facilities have established "speculative position limits" on the maximum net long or net short positions that any person may hold or control in particular commodities. All futures positions held by DISP will be aggregated for purposes of determining compliance with these limits. Trading instructions may have to be modified and the Portfolio's positions may need to be liquidated to avoid exceeding these limits. These actions could adversely affect the Portfolio's operations and profitability.

(viii) *Interest Rate Risk*

Investment in debt securities is subject to interest rate risk. Generally, the value of debt securities is expected to be inversely correlated with changes in

interest rates. As interest rates rise, the market value of debt securities tends to decrease. Long-term debt securities in general are subject to higher sensitivity to interest rate changes than short-term debt securities. DIAM may attempt to minimize exposure to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no expectation or guarantee that DIAM will be successful in fully mitigating the impact of interest rate changes.

(ix) *Market Disruptions*

The Portfolio may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

As with the DIF strategy, the foregoing list of risk factors does not purport to be a complete explanation of the risks associated with this offering. Potential investors should read the offering documents carefully in their entirety, and consult their own legal, tax and investment advisers before deciding whether to invest in any fund.

ITEM 9 | DISCIPLINARY INFORMATION

DIAM and its management have no reportable disciplinary events to disclose.

ITEM 10 | OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither DIAM nor any of its management personnel are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of such.

DIAM is affiliated with a non-U.S. investment adviser, Daemon Investimentos, a Brazilian entity that is not regulated in the United States. Edson Queiroz and Sergio Rhein Schirato control both DIAM and Daemon Investimentos. Daemon Investimentos provides investment advice to two Brazilian investment funds (the "Brazilian Funds") and is the Manager and primary adviser to DISP. Each of the three investors in DIF are also investors in Daemon Investimentos and the Brazilian Funds. While investment opportunities arise that are appropriate for both DIF and the Brazilian Funds, the fact that investors in DIF are also investors in the Brazilian Funds operates to mitigate potential conflicts of interest. As described in

Item 6 above, due to the differing investment strategy of DISP, allocation of investment opportunities is not currently deemed to be a risk or conflict.

DIAM also has in place an allocation policy designed to further mitigate any potential conflict of interest that arises when DIF and the Brazilian Funds are each eligible to invest in an investment opportunity. The allocation policy is designed to take a number of factors into account with neither factor being determinative. The factors include:

- (i) Available capital: The fund with the greatest mid-term excess of capital at the time an investment opportunity becomes available may be given preference in the allocation of the opportunity.
- (ii) Transaction costs: Transaction costs vary depending on how the transactions are originated because, for example, DIF and the Brazilian Funds are located in different geographic regions. The entity for which transaction costs of an investment are lower may be given preference in the allocation of the opportunity.

Any transactions involving DIF and the Brazilian Funds will comply with the requirements of the Advisers Act and DIAM's compliance policies and procedures.

In addition, our CCO is a Partner at the law firm of Rhein Schirato, Meireles Advogados based in Sao Paulo, Brazil. Vitor Rhein Schirato and his firm will not separately represent firms that participate in the PROEX program in any event in order to avoid any conflict of interest.

As a fiduciary, DIAM has the duty to ensure the adequacy of all of its service providers, including its affiliates; however, the founding partners' affiliation with each fund discussed above creates a potential conflict that could limit DIAM's ability to effectively evaluate or terminate a service relationship with Daemon Investimentos. We believe the contractual agreements in place between DIAM and Daemon Investimentos adequately mitigate this potential conflict.

ITEM 11 | CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

DIAM has adopted a written Code of Ethics and Supervisory Procedures Manual (the "Code of Ethics") in accordance with Rule 204A-1 under the Advisers Act to seek to ensure that DIAM fulfills its role as a fiduciary to its Clients. The Code of Ethics is designed to address and avoid potential conflicts of interest. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of gifts and the reporting of certain gifts and business entertainment items, and personal securities

trading procedures, among other things. All supervised employees of DIAM must acknowledge the terms of the Code of Ethics upon commencement of employment with DIAM and annually thereafter. DIAM provides a copy of its Code of Ethics to its Clients or any prospective client upon request.

DIAM's Clients may engage in principal and cross trades subject to the limitations of the Advisers Act, if applicable. A principal trade occurs when an investment adviser (or an owner, employee or affiliate of such investment adviser), acting for its own account or the account of an affiliate, buys a security from, or sells a security to, a client. A cross trade is a pre-arranged transaction between two or more different funds or accounts, each of which is managed by the same adviser and where no broker-dealer or brokerage commission is involved. For example, a principal trade would likely occur when DIF buys a security from or sells a security to any of the Brazilian Funds. DIAM has compliance policies and procedures in place that apply to such principal trades and cross trades and that are designed to address the conflicts of interests arising from such transactions.

ITEM 12 | BROKERAGE PRACTICES

DIF's investments in Brazilian export-related credit instruments take the form of privately negotiated transactions that do not involve the use of a broker. However, DISP's strategy does necessitate the use of brokers. Brokers who facilitate DISP's transactions will be selected and engaged by Daemon Investimentos.

DIAM uses broker-dealers when executing purchases and sales of Brazilian government bonds. In particular, DIAM uses a broker as an intermediary in government-sponsored national auctions of Brazilian government securities. In all situations, DIAM effects transactions with those brokers and dealers which it believes provide the most favorable prices and which it believes are capable of providing efficient execution. The determinative factor is whether the transaction represents the best qualitative execution for the Clients accounts and not necessarily whether the lowest possible commission cost and price is obtained. DIAM considers the full range of quality of the broker's service in selecting brokers to meet best execution obligations and may not pay the lowest commission rates or prices available. DIAM negotiates a flat brokerage fee and, when applicable, a variable completion brokerage fee (i.e., a commission) with the brokers that it uses to execute transactions. DIAM believes the following are some factors that contribute to efficient execution, although DIAM is not required to weigh any of these factors equally:

- (i) size of the order;
- (ii) the ability to effect prompt and reliable executions at favorable prices (including the applicable broker commission, if any);
- (iii) operational capabilities and facilities of the broker or dealer involved;
- (iv) the financial strength, integrity and stability of the broker; and
- (v) the prior experience of the broker or dealer in auctions sponsored by the Brazilian government and the Brazilian government bond markets.

DIAM reviews brokers based on the fund that they serve and therefore certain brokers may only service DIF. However, a broker may be used by both DIF and the Brazilian Funds. At all times, DIF and the Brazilian Funds will be subject to the same flat brokerage fee and the same variable completion brokerage fee, if applicable. If both DIF and the Brazilian Funds participate together in one auction, the fee will be pro-rated between them based on the notional value of the accepted offers. DIAM has not soft dollar arrangements at this time.

DIAM does not currently consider, in selecting or recommending broker-dealers, whether it receives client referrals from a broker-dealer or third party. In addition, DIAM has no directed brokerage arrangements at this time.

ITEM 13 | REVIEW OF ACCOUNTS

The Clients and its investors receive the Clients' written audited annual financial reports within four months of the end of the Clients' fiscal year. The Clients' audited annual financial reports are prepared in accordance with US Generally Accepted Accounting Principles. The Clients and its investors also receive monthly statements of holdings and net asset value. Vitor Rhein Schirato, as the CCO of DIAM, is responsible for the reviews of the Clients' accounts.

The Clients are subject to the supervision of the Monetary Authority of the Cayman Islands, which may at any time instruct the Clients to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies.

ITEM 14 | CLIENT REFERRALS AND OTHER COMPENSATION

DIAM does not permit its employees to accept any form of compensation, including cash, sales awards or other prizes, from non-clients for providing advisory services to its clients. At this time, DIAM does not expect to receive compensation

from referring the Clients to other service providers; however, DIAM retains the ability to do so in the future.

DIAM has not, but may, enter into arrangements with, and compensate, solicitors for client referrals. These solicitation arrangements will be fully disclosed to affected clients and will generally be consistent with the requirements of Rule 206(4)-3 under the Advisers Act. The terms of such arrangements will vary, but generally will call for DIAM to pay the solicitor a fee equal to a percentage of assets under management, management fees, performance-based compensation, or a combination of asset size or fees borne by the relevant Client or investor introduced to DIAM by the solicitor.

ITEM 15 | CUSTODY

DIAM has custody of the Clients' assets and maintains the Clients' assets with one or more unrelated qualified custodians (generally of the Client's choice). The Clients receive account statements from the custodian(s) at least quarterly and should carefully review those statements. While DIAM will provide periodic reports to the Clients, these reports should be carefully compared to the information provided by the custodian(s) to ensure that all account transactions, holdings and values are correct and current.

Rule 206(4)-2 promulgated under the Advisers Act, as amended (the "Custody Rule") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). The Custody Rule imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to limited partnerships or pooled investment vehicles, if each limited partnership or pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to its investors within 120 days of its fiscal year-end. DIAM relies upon this audit exception with respect to the funds.

ITEM 16 | INVESTMENT DISCRETION

The Clients, and any future additional clients, may engage DIAM to provide discretionary advisory services. DIF gives DIAM discretionary authority by executing an investment management agreement with DIAM and may, in

certain circumstances, limit or amend DIAM's authority by giving DIAM written instructions.

ITEM 17 | VOTING CLIENT SECURITIES

At this time, DIAM will not vote proxies on behalf of DIF. Generally, DIF's investment universe does not include securities that have voting rights. In the event that a proxy is issued by a security in the Client's account, DIAM will forward to the Client all proxy solicitation and related materials, including annual and interim reports and any other issuer mailings.

As sub-adviser to DISP, DIAM also will not vote proxies on behalf of DISP.

The Clients may contact DIAM's CCO at the telephone number or via email listed on the cover page of this Brochure with questions about any particular proxy solicitation the Clients may have received.

ITEM 18 | FINANCIAL INFORMATION

DIAM is not required to provide financial information in this Brochure because DIAM does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months. DIAM does not have any financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients. DIAM has never been the subject of a bankruptcy proceeding.